Manager Notes

We have quickly moved through the mild El Nino driven winter. As we enter February, spring of 2016 is just around the corner. At Gateway FS we have been busy coping with the winter flooding issues as well as construction of the Fertilizer Terminal at Baldwin.

**December 2015 Flooding Issues**

Gateway FS had two river grain terminals that were shut down with high water levels. At Kemper’s Landing in Monroe county on the Mississippi River, the river levels forced us to close the facility in mid December to customer grain deliveries. Then, in late December from the 26th to the 28th we received 6” to 10” of rain over a general area in the Midwest, raising river level projections to levels not seen since 1993.

The water at Kempers has receded but, the remnants of drift wood, silt and mud remain. The cold weather has made clean up more difficult. We are hopeful to be receiving grain again in the beginning of February.

At Evansville on the Kaskaskia River in Randolph county, we also experienced flooding immediately after Christmas. After many hours of cleanup, we are back to receiving grain at Evansville as of January 18th.

The projected flood water levels also forced us to move all of our grain and fertilizer inventory out of the Prairie Du Rocher location. This location is protected by the levey, but the projected flood levels to 1993 water levels, forced us to move to items to higher and dryer places.

The quick rising river also forced many farmers in the river bottoms to move grain to safety. Our locations received many bushels of grain in a short period of time to accommodate everyone before the water levels crested. Our Percy and Chalfin Bridge locations received the majority of the grain, but as these locations filled or ran out of storage space, we moved grain or received grain at Oakdale, Red Bud, Waterloo and Nashville.

Our employees worked many hours preparing our locations for flood conditions and cleaning up after the flood. They also worked many hours at our outlying locations to help farmers get grain to safe holding spaces. Many fellow farmers helped with trucking and labor to get grain moved. A big thank you to everyone involved, employees, customers and fellow farmers for helping one another in a time of need.

**Baldwin Fertilizer**

Work is progressing on the fertilizer terminal building at Baldwin. Once complete we will have the capability to receive fertilizer direct from barge into the storage building, then make custom blends or haul out single product loads. The blending system is designed for speed and accuracy. A 24 ton load can be blended in 4 to 5 minutes. The building contains many automated features, which should increase our efficiency in day to day operations of the plant. We expect to be fully operational for Spring of 2016. We are planning an open house at the facility in March. More information on the open house will be relayed to you in the near future.

**Stock Redemptions**

Gateway FS will be redeeming over $550,000 of prior year issued patronage stock next month. The years redeemed will be 2001-2004 and all prior year issues. This redemption along with the cash patronage paid in November 2015 generates a total of $2,982,000 in cash returned to member owners of Gateway FS.

Ten years ago, we laid out a frame work or a long range plan to get our oldest outstanding stock to 13 years old or less. At the time our oldest was over 32 years in arrears. Through the dedication of the Board of Directors to continue redeeming stock, we are now at 11 years outstanding. We will continue to make every effort to stay on a 13 year or less redemption schedule.

The redemption of prior year patronage stock and the cash in the current years patronage is only made possible by the support of every patron of Gateway FS. As a cooperative, we will continue to distribute earnings back to our owners. No other business structure in the grain and ag supplies business has the ability to refund a portion of purchases back to you.

From everyone at Gateway FS, Thank You for supporting Gateway FS with your purchases and enjoy this issue of the Gateway News.

Energy News Letter

Brad Maschhoff-Energy Department Manager

On December 12th the Gateway FS Fast Stop in Waterloo held an open house to promote their two new blender pumps and the use of E15 gas. I would like to thank everyone that came out to support the Waterloo Fast Stop and the use of more ethanol with the purchase of our various blends of ethanol gas.

There were a lot of people involved in making this a great day and big success. Gateway FS would like to thank the Monroe County Farm Bureau, the Mon-Clair Corn Growers Association, the American Lung Association, and the Illinois Corn Growers Association for helping from start to finish.

Now to the ever changing oil market, in the past month and a half oil has been $38/barrel down to as low as $26/barrel, and as I am writing this oil is up over $2.00/barrel and is almost at $32/barrel. There is still a large supply of oil in the market and Iran is starting to put more oil in the market now as well. Even with the oil market moving down this fast US oil production levels have not come down much according to the US Crude Oil production Chart.

With oil production not slowing down and more oil coming on to the market these prices may last for a little while.

The propane market has seen very little movement with the mild winter and the supply of propane available. Although, even with the mild winter the Midwest propane stocks are lower now than last year at this time. The Midwest Propane stocks are at 22.3 million barrels, compared to last year’s level of 24.5 million barrels. The Midwest has recently seen some cold snaps in January as well as most of the United States, but I think we would need to see some sustained cold weather to make the propane market really move a lot.

**Ryan Gonzalez named Gateway FS Crop Protection and Seed Manager**

On January 1, 2016, Ryan Gonzalez accepted the position as Crop Protection and Seed Manager with Gateway FS based out of the Nashville, Illinois office. Ryan is a 2006 graduate of Southern Illinois University at Carbondale with a degree in Agribusiness Economics with a minor in Plant and Soil Sciences. He started with Agripride FS, Inc. in 2006 as a Certified Crops Specialist in the Ferrin territory of Clinton County.

“Ryan and his wife reside in Carlyle IL. They recently welcomed a twin son and daughter to their family. We congratulate Ryan and welcome him to the management team at Gateway FS, Inc.”
Gateway FS Awards FS HiSOY® Golden Sweepstakes Seed Tender to Local Farmer

On October 21, at Gateway FS’s Waterloo, IL location, Elden Niemeyer of Columbia was presented with his very own FS HiSOY® 50th Anniversary seed tender.

The presentation was part of HiSOY’s Golden Anniversary Sweepstakes, which kicked off earlier in the year. Entrants were able to register for the Sweepstakes using a QR code printed on every bag of FS HiSOY soybeans, as well as from the FS HiSOY website and at Local FS Member Company locations.

Three winners were selected from nearly 1000 entrants farming in each of the three-state regions, comprised primarily in Illinois, Iowa and Wisconsin.

Niemeyer, and his father before him, are long-time Gateway FS customers. “I have been farming all of my life,” he said, “It has been a labor of love for me and I’ve been a partner with Gateway FS ever since we started (farming).”

Of the Sweepstakes, Niemeyer said, “I was really genuinely shocked...I’m pleasantly surprised and I WILL put it to good use!”

FS HiSOY Soybeans were first planted in 1965, and the brand is the first and longest surviving brand in the United States. Performance of the HiSOY brand is unraveled in the region, and long-time customers consider themselves part of the heritage and legacy that has built the HiSOY name.

Gateway FS employees who have completed the OSHA HAZWOPER 8-Hour First Responder Operations Level training course must complete an annual refresher training program to maintain their HAZWOPER certificate. Those employees who completed the 8-Hour HAZWOPER course and completed annual HAZWOPER refresher in subsequent years recently completed their 2015-16 refresher training.

Gateway FS employees just completed this training. HAZWOPER Certification allows employees to respond defensively to their own emergencies and product releases, with the goal of protecting employees, neighbors, property and the environment.
Grain Remarks

By Adam Parker

As we get out of the holiday mood and enter a new year, the grain markets are searching for a clearer direction on which way to go. However, there are several different variables, both inside the grain world, and out that are making the future a bit cloudy.

From mid-December through the first week of January, fresh news was lacking and with many traders enjoying the holidays, the markets were directionless. The first offering of a direction was provided on January 12th, when the USDA released its Quarterly Stocks & Production Estimates which proved to be positive for beans and slightly positive for corn and wheat.

Corn production stemming from the 2015 harvest was estimated at 13.6 billion bushels, which was lowered from the USDA’s previous 13.65 billion bushel estimate in November. Lower production did not lead to a lower carryout however. The USDA raised its carryout estimate from 1.78 in December to 1.8 billion bushels in January. The difference was a result of lower than expected corn usage. Overall the market viewed the numbers as a net positive for corn futures, albeit a small one.

For wheat, the main takeaway from the USDA report was the Winter Wheat Seedings projection which is the second lowest since 1913. The USDA came out with 424,000 less acres of Soft Red Winter Wheat planted in the United States than what the trade was expecting. For all wheat (Soft Red, Hard Red & White), planted acreage was 2.72 million less than last year. Looking at 2015 and 2014 wheat seedings we see a reduction of about 5 million acres. The bad news for wheat comes on the world stage; world carryout and production were both increased. World wheat supply was increased by 43.4 million bushels.

The USDA’s soybean production was estimated at 3.93 billion bushels which was decreased 39 million bushels from their November report. Beans carryout was lowered by 25 million bushels. The trade was going into the report very short (sold). When the numbers were released there was a lot of scrambling to cover those very short positions, giving beans a little rally and pushing local elevator bids over $9.

With the report now released and analyzed, trying to figure out where we are headed next is very complex. Currently, the main influences on the grain markets have been exterior factors, in particular, low crude oil prices, a high US Dollar and a slowing Chinese economy. With the collapse of crude oil prices over the past few months, pressure has been put on ethanol producer margins as profits are falling. The rise of the US Dollar has also negatively impacted grains due to more expensive exports.

For more fundamental grain news, South American weather continues to be favorable and shows no major threat to impact their soybean production. With the majority of their harvest taking place in February & March time period, the market will keep a close eye on Chinese demand for beans and South America’s logistics to see if they can meet the demand.

Domestically, the majority of attention will be on upcoming planting intentions & weather this spring. Despite low prices for corn and beans early estimates of planted acres aren’t down from 2015, we will get a better picture when the USDA releases their next report in March.

Feel free to call Dave Rohlfing, Michael Biethman, or myself at the Red Bud office @ 618-282-4000 with any pricing offers or for any market information you may be looking for. We appreciate your business, and look forward to serving you in the future!

---

WASTE OIL COLLECTION AND WAREHOUSE OIL SALE

DATE: Wednesday, March 16, 2016
TIME: 8:00 A.M. – 12:00 Noon
PLACE: Gateway FS, Inc.
Nashville Warehouse
1351 West St. Louis Street, Nashville

Here is your opportunity to properly dispose of your used oil and stock up on new oil—all in one trip.

Bring us your used oil in 30 or 55 gallon drums and we will see that it is properly and safely disposed of.
And then while you’re here, stock up on the oil you’ll need to get your equipment through the next season.

---
Anyone who reads this article has had a paint project or two in the past. You have all your supplies such as a paint pan, roller covers, brushes, a ladder, and of course, the paint. One thing people overlook is a drop cloth. Drop cloths are often overlooked due to the fact that it is tedious work to lay it out and constantly moving it as you progress around the room. You often think that if I work slow and steady, I can carefully paint without making a mess. Even the most experienced painters drip paint every now and then. In fact, when rolling paint, the tiniest drops can be flung from your roller cover which can be undetected for some time until later when the paint is dry and difficult to remove.

Drop Cloths come in variety of material, including paper, plastic, and canvas. The best drop cloth is a universal one which is made of poly/paper. All drop cloths come in a variety of sizes. The most common sizes are 4x15 which is used in hallways and 9x12 for larger areas. Depending on the type of paint that you are using determines the type of drop cloth you should use. The professionals typically use canvas cloths due to the fact that they are reusable and absorb the variety of paint products they apply. Plastic drop cloths are ideal for the home project when using latex paint. They do a good job of protecting your floor as you move around on top of it and it is completely disposable when you are finished. Thinner cloths tear easily so be careful when moving ladders, chairs, etc. on top of it. Used drop cloths are also used to cover furniture or other items as well.

If you have a project you need help with or questions about paint projects in general, please do not hesitate to contact the Gateway FS paint department at 618-972-9516 or email me at bgarleb@gatewayfs.com. Talk about something that you want to know send me the question and I will get writing about it.

Contact your local FS Crop Specialist to learn more.

Gateway FS
(618) 282-4000