

Agri ZFS Source

A publication of Zeeland Farm Services, Inc.®

Winter 2015

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Taking the wheel

❑ After years of riding along, Gregg Balder poised to move into leadership role with J. Balder Farms

There was no buddy seat in the cramped cab of Jerome Balder's old International Harvester tractor, just a tool box for a stool and a hard metal floor for a bed.

It didn't matter to his young sons, Gregg and Marc, who always wanted to tag along while his dad plowed, fertilized, spread chemicals and harvested the fields of their Hamilton farm. That tractor had none of the comforts of today's luxury cabs, but the boys always found a way to grab a nap as he rode.

"That was many years back, when cabs weren't big enough, but you did it anyway," Gregg said. "That wasn't fun. You'd be sitting on the tool box instead of a buddy seat."

"But they would fall asleep anyway," Jerome chipped in. "They could fall asleep anywhere. They'd fall asleep right on the floor."

But his sons managed to stay awake enough to develop a love for the same lifestyle that had drawn their father back to the family farm a decade earlier, and long enough to learn a few things along the way. Which is exactly what



ZFS photo by Gary Brower

HEIR APPARENT: Gregg Balder (right) spent his formative years learning how to farm from his father Jerome (left). Now, as Jerome nears retirement age, Gregg is taking over the reins of the Hamilton, Mich., cash crop operation, with his father guiding the way.

his father had in mind.

"I had an old guy tell me one time when the kids were younger, he said, 'Those boys are going to learn more by riding with you than you are ever going to teach a kid in town.'" Jerome said. "And that kind of stuck with me. That is so true, I think. Just by watching, the kids learned more than you could ever teach someone from the city. So they

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J. Balder Farms

Owners: Jerome and Gregg Balder

Location: Hamilton, Mich.

Type of farm: Cash crops

Employees: 2 full-time, 3 part-time

ZFS customer since: 1977

Climate, prices reminders of days gone by



ZFS file photo

BLAST FROM THE PAST: The recent weather trends and challenging commodities markets bring back memories of the days before Zeeland Farm Services was a soy processor, and serve as a reminder that things in the agriculture industry are often cyclical.

❑ Tumultuous weather and sliding markets harken back to late '70s, early '80s

On again, off again. That is how I would describe the 2014 harvest, and our weather seems to be going the same way.

We had a cold, snowy November, a warm December and January turned bitterly cold again.

Unfortunately, that kind of weather was tough on harvest and reminded me a lot of the late '70s. I remember I spent Christmas Eve one year trying to keep a grain dryer running that was taking in as much snow moisture in as it seemed to be putting out heat. As I recall, that was not much fun.

That year, the harvest for some growers in the north actually ended the following spring, and there are people who say that this year's harvest for some will also end in the spring. That's if there are any crops left after the deer get done.

There also are folks who say our Michigan grain crops will be raised

Cliff's Notes

Cliff Meeuwsen is president of Zeeland Farm Services, Inc.

further north as we get more global warming. Well, maybe after this year they will re-think that, as the weather may not be the reason.

The 2014 growing season was one for the record books. Good weather, more acres planted and higher yields equaled more bushels harvested; thus we have lower prices. As I look back, the period from 2008 through 2013 reminds me of the early '70s, when we had smaller crop harvests, a weak dollar and big exports; thus, big demand and big crop prices. (In those days, \$5 corn and \$9 soybeans were considered big).

The crop farmer made some money back then and life was good. Life, however, was not as good for the live-stock producers, as high feed costs hurt their bottom lines big time. But

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Feed Ingredient Options

Rising export demand has pushed distillers higher

In the dried distillers grains (DDGS) market, product has been tight due to high export demand with China back in the market taking U.S. product. Domestic demand has also been high as DDGS values versus other protein sources have been a buy.

The nearby and forward quotes are higher compared to what was previously booked by many folks in the market. This change in values is starting to throw DDGS out of formulations and rations in many animal sectors when comparing values to other proteins and corn.

There have been some deals on wet product at certain plants that have had upsets with dryers, but this product tends to get cleaned up quickly. As we move forward, if ethanol production continues at the current pace, DDGS values will likely need to retract and trade lower in order to spur demand that has been lost over the last 45 days.

Corn Gluten Feed

Corn gluten feed prices stayed very strong over the past few months. However, there has been some weakening in prices in the nearby spot market. The question remains; What will happen as we get into April forward as producers aren't offering prices past March?

Wet gluten has remained the best buy on a dry matter basis, with prices remaining pretty stable. Overall, grind rates, or production rates, at the processors appear to be lower than in past years. Processors are reluctant to offer forward pricing like they normally have done for years.

We believe this shift in tendencies is due to the lack of forward sales of high fructose corn syrup and the uncertainty of how that product will or will not fit into the food markets moving forward. Many food companies in the last six months have announced they are moving away from using high fructose corn syrup and are going to use real sugar instead. This market change has affected corn gluten values and will continue to affect them as we move forward.

Cottonseed

Cotton ginning is finally pretty much done in the U.S. The season got off to a very late start and certain regions struggled to get everything harvested in a timely fashion. The overall crop this year is larger than last year, with most of the gains being seen in Texas. The south Texas region and Corpus area had the largest yields per acre they have ever remembered.

Typically, all of that seed stays in that region or goes south to Mexico, but this year the product was shipping to northern and western markets. Cottonseed prices jumped as we moved through harvest, with most gins choosing to store the seed instead of

ZFS to introduce text messaging program

Your smartphone is always with you, and soon Zeeland Farm Services will be able to send news, market reports and other important information to your phone via text messaging. It will be another tool in your toolbox that can help you maximize profits. To learn more, contact your ZFS merchandiser.



putting it out on the market.

Demand has been pretty good, but with the recent drop in milk prices, cottonseed is beginning to trend lower as everyone is looking at feed costs and how to adjust to the reduced milk price. Lower grain prices, along with falling milk prices, in our opinion mean cottonseed prices will likely come under pressure by late spring. Moisture levels in west Texas are good and planting will be timely in that region this season, which has not been the case in several years.

Canola Meal

The strength in the U.S. dollar, as well as improving logistics, have softened Canola basis from very high levels. However, Canola crush economics, unlike last year, are not favorable and may support basis levels.

There are a couple of reasons the processors are struggling. First, downward prices in commodities, vegetable oils in particular, have users reluctant to buy ahead. Second, the Canadian farmers do not need cash and are holding on to Canola seed supplies, which is preventing processors from selling meal with any urgency.

Further, fundamentals for soybean meal are weak and may depress futures prices even more. If so, that provides a positive undertone to basis levels as well. Reduced crush levels, high seed prices and declining soy meal prices lead us to believe that basis levels are not projected to be the weaker levels the dairies are used to seeing.

When looking at contracting forward, keep this in mind and try not to look too closely at the past.

Remember, the flat price is more important than the basis! Call us for quotes and a strategy that may fit your needs.

Soy Hulls

Soy hull pellets have failed to rally with other ingredients as the winter progresses. Processors were very tight on supply in the early fall, leading to high prices that were tough for processors to maintain.

Prices have kind of gone sideways as the competing ingredients ran up and act as if they may recede once we hit spring. Crush margins and run times appear to remain strong as meal demand remains good, in addition to ample bean supplies.

Sugar Beets & Beet Pulp

The sugar beet harvest was fantastic, with great tonnage per acre, therefore we expect a slightly extended processing time through March. There is 75 percent pressed pulp available through March only. Dry beet pulp pellets will be available through August. This is a good high fiber, low protein, sugar source.

Citrus Pulp Pellets

Citrus pulp pellets and fruit processing are well into production through May, with a good supply. Pellet offers are open through November. Citrus pulp is also good energy, high fiber, low protein, sugar source.

Hominy Feed

Hominy, with its fine texture, seems to be steady in rations as a ground corn replacement for those needing dry corn and starches. The market seems to be showing some loosening with weekend grinds, as values struggle to be robust with large, high-moisture corn volumes on farms in the Midwest.

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CLIFF: Lower prices may be here a while, putting premium on innovation

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later in the '70s, the crop farmers put their money to work, bought land and planted more acres. The a cheap dollar changed to a strong dollar as the Federal Reserve raised interest rates, export sales evaporated and crop prices plummeted. By the early '80s, corn had fallen to the \$2 range and beans were in the \$5 range.

Life for the crop farmer was not good and many went broke, while the livestock producers took their turn making money. Cheap feed cost, coupled with the fact that during the poor years they cut the livestock supply, made for high meat prices. For the livestock producer, life was good.

As I write this article, I ask myself where can ZFS add the most value for our customers, and bringing up this cycle again for you to think about

seems important.

Where are we in the cycle? Looking at the cycle, it seems to tell us we are heading toward lower crop prices (looks like we are mostly there). We have a strong dollar, stagnant domestic demand, lower exports and large world crops.

In the livestock sector, we have lower feed costs and a strong dollar; thus, less export demand. When that happened in the '80s, it eventually produced cheaper meat.

So what does an ag producer do if today's scenario is a repeat of 40 years ago? Looking back, at that time, the ag producers who survived worked hard, adopted new technology to make them as efficient as possible and sold their crops and livestock ahead on market scares.

Also looking at the history, the energy markets crashed in the '80s, which eventually lowered the

cost of fertilizer, as well as diesel fuel and natural gas prices. That helped to prolong the depression of ag product prices, as the break-even costs of production were lowered.

That cycle may not repeat itself exactly, but if it does, how do we avoid sustained lower prices? How do we avoid the government programs of the '80s that were designed to keep producers from bankruptcy, but in reality helped keep prices low for an extended period of time? Will we learn from the past and plan for the future?

At ZFS, we will help you all we can. Please stay in touch with our merchandisers and continue to focus on the markets ahead. Look for opportunities to market your products at profitable prices and always remember, you can't go broke taking a profit.

From my family working for yours, have a great New Year!

BALDER: Son poised for leadership role as father has plans to slow down some

Continued from Page 1

rode in the tractor. They rode along for I don't know how many years."

The boys aren't riding along any more.

Gregg is in the driver's seat more often than not, as he and Jerome are now partners in J. Balder Farms, just west of Hamilton. Together, the father and son work about 1,700 acres of cash crops and manage more than 2,500 hogs for a local producer, in finishing barns owned by Jerome.

The finishing barns are a link to Jerome's earlier days in farming, when he raised hogs. He built his first hog barn in 1979 and began raising hogs in 1980.

Marc is now a plumber in the Hamilton area. He is very knowledgeable of the operation and likes to help throughout the year as needed.

Jerome, his brother, Henry, and Paul Koeman formed a short-lived three-way partnership called BB&K. When that dissolved, Paul went out on his own and remains the owner of a large hog operation in Hamilton. Jerome and Henry continued to work together for more than a decade, but in 1997, with Gregg aiming toward joining his father on the farm in a few years, the Balder brothers split their 1,700 acres and went their separate ways.

By the early 2000s, with Gregg now out of high school and working full-time, the uncertainty of the hog market drove them in a different direction.

"It was just too much time for what those 160 sows were worth. The prices were in the tank," Jerome said. "I remember getting 10 cents a pound. That's what kind of took the wind out of our sails and we started concentrating more on the land and that type of thing."



ZFS photo by Gary Brower

PANORAMIC TIMELINE: A mural in Jerome Balder's basement tracks the history of the family farm, from a small set up with one International Harvester tractor to today's 1,700-acre cash crop operation powered by the green of John Deere.

With Jerome and Gregg working together, J. Balder Farms has steadily increased its acreage. They now farm roughly the same amount of acres as Jerome and Henry were farming at the tail end of the partnership. The crop lineup varies from year-to-year, but typically the Balders grow about 900 acres of corn, 500 acres of soybeans and 150 acres of wheat.

"It was just a slow growth process. I never was a guy to grow by leaps and bounds. I said steady growth is good," Jerome said. "So today, we are working about the same amount of acreage (as my brother and I), but doing a better job than we did years ago."

Part of J. Balder Farms is the old family homestead, which Jerome bought in 1974 after his father passed away.

Julius Balder ran a fairly large operation for its time, with about 120 acres of crops. At various times he raised laying hens, hogs and a few head of beef cattle. Julius also kept at least one milk cow on the farm to provide for his family.

Jerome specifically remembers that he did not want to milk the family cow and did what he could to stay away.

"Because the cow kicked. I was 6 or 7 years old and I realized that was a dangerous job and I didn't want to get near the crazy thing," Jerome recalled. "My first job was feeding chickens. I'd come back from school and we had to feed the chickens and gather the eggs."

Twice a week, Julius took those eggs south to Allegan and Otsego and pedaled them door-to-door.

Despite growing up on a family farm, Jerome took a different path when he graduated from high school. He went to work for Lamar Construction laying brick until his father passed away and he returned home to take over the operation.

Much like his father, Gregg started helping out around the farm when he was very young. But, because Jerome raised hogs instead of chickens, Gregg's first job was much different than his dad's.

"I was in charge of cutting tails. I never really enjoyed cutting the tails

that much. It wasn't my favorite thing, but I had to do it," Gregg said. "I was always in a hurry to get that done so I could go do something out in the fields."

Gregg began plowing fields when he was in seventh grade, and has pretty much been in the cab of the tractor ever since. Today, Gregg and Jerome each own about half of the operation's 500 acres, and Jerome has turned over many of the management chores to Gregg.

"He's doing more of the mental work and I'm doing some of the grunt stuff. He's good at it. I trust whatever he does. I've got complete confidence in him," Jerome said. "He's been around here long enough that I feel good about whatever he decides."

Even if that means an influx of technology into the operation. Gregg, in his early 30s, likes to use computers to keep track of his field records, and said having the information at his fingertips is valuable when it comes time to decide what to do in the fields each year. He spends a good portion of his day on his smartphone.

Jerome, in his mid-60s, likes to call on his years of experience rather than numbers and charts on a screen, but realizes technology will continue to play a prominent role in the future of farming.

"Technology is good, but it's not my world anymore. I'm kind of moving on and that's for him," he said, nodding toward Gregg. "The younger generation – they are into technology and that's fine. I like what it does. I like what it can tell us, but I prefer the simple stuff."

"For planting and harvesting, all that high-tech stuff, I don't care for it," Jerome added. "Just give me a tractor and I'll work the ground."

Soybean Performance Report a valuable tool for growers

BY MIKE STATON
MSU Extension Educator

Selecting the best adapted soybean varieties for your farm is one of the most profitable decisions you will make.

To ensure that you are selecting the best adapted and highest yielding varieties for your farm, you should utilize three sources of information:

1. Michigan Soybean Performance Report.
2. Seed suppliers, like the Bean Team at Zeeland Farm Services.
3. Your own on-farm variety trials and comparisons.

If you are not utilizing any one of these sources, you are reducing the probability of selecting the best-adapted and highest-yielding varieties.

Most soybean agronomists agree that evaluating variety performance data from as many different environments as possible is essential to selecting top performing varieties.

The Michigan Soybean Performance Report is an excellent resource for comparing the yield and lodging of soybean varieties across multiple loca-

tions and years. The report is updated annually and the 2014 report is available now at the Michigan State University Variety Trials website (www.varietrials.msu.edu).

The information contained in the report was also published in the Dec. 1, 2014, edition of the Michigan Farm News. The 2014 report will not be mailed directly to Michigan soybean producers, as was done in the past.

The Sanilac County site was heavily infested with white mold in 2014 and was not included in the central zone average. However, the yield and disease severity index for each variety planted at this site are reported in a special 2014 Michigan White Mold Soybean Performance Report.

That report is included in the 2014 Michigan Soybean Performance Report and provides extremely valuable information, as variety selection is the most important tactic in a comprehensive white mold management plan.

A searchable database for the Michigan Soybean Performance Report is available online at the MSU Variety Trials website. The searchable database enables soybean producers to



ZFS file photo

DUE DILIGENCE: Taking some time to research what soybeans will grow best in your soil conditions is a great way to increase profitability. The Michigan Soybean Performance Report can help get you started in the right direction.

input specific search criteria, such as soybean cyst nematode resistance, phytophthora resistance and maturity.

The highest-yielding varieties having the selected characteristics will be identified and listed from top to bottom by yield. The 2014 data was added to the searchable database in early December.

Remember that gathering and evaluating information from a variety of sources is essential to selecting high-yielding soybean varieties and the 2014 Michigan Soybean Performance Report should be one of these sources.

Mike Staton is a Michigan State University Extension educator. He can be contacted at staton@msu.edu.

Unpredictable Midwest winter makes life tough on the road

❑ Staying home not an option, so truck drivers deal with icy conditions

We are making our way through another Michigan winter. This is a tough time of year for everyone, but probably the toughest for transportation.

We got an early taste in mid-November with a week of blizzard conditions that even resulted in a couple snow days for the area schools. December was a nice break, but January was not fun.

Hopefully we will not duplicate last year's number of days with blizzard-like conditions. Although they are professionals, I don't think very many of our drivers can endure that two years in a row. Hauling bulk freight definitely adds additional challenges when compared to other types of freight this time of year.

In January, we dealt with the recovery of one of our trucks from the large 190-vehicle pileup on I-94 near Galesburg. That was similar to the large pileup that happened last winter on I-94 near Michigan City, Ind.

Unfortunately we had trucks involved in both of those incidents. In both cases, the drivers were simply at the wrong place at the wrong time. The only thing they maybe could have done to avoid them would have been to stay home that day.

Although that sounds good at times, neither ZFS

Freight update

nor our customers have that option.

Trucking in the worst winter weather is primarily about maintaining customers, because it is nearly impossible to remain profitable. Incidents like these do remind us to take the weather seriously. More so than ever, we are willing to admit that we just can't safely get there today.

Diesel fuel prices are a popular topic around the office lately. Retail prices have fallen below \$3 per gallon and seem to go lower every day.

Although diesel prices have come down slower than gasoline, shippers are still seeing roughly 10 percent lower cost compared to just six months ago, due to the decrease in fuel prices. We have some ability to lock in the fuel surcharge for up to a year out. If you are interested in doing so, please give us a call.

The workload has been steady for the last few months, and though this is often the slowest time of year for moving bulk commodities, we do not see that changing over the next few months.

Our drivers play the most important role in providing the best customer service. ZFS is always looking for full- and part-time drivers. Applications are available online at www.zfsinc.com or at

the ZFS administration office or our transportation office.

Our ZFS maintenance garage is open 24 hours a day, Sunday night through Friday night. On top of maintaining our own fleet, we offer competitive rates and quality service on medium to heavy duty equipment.

Oil changes, computer diagnostics, all types of welding, brakes, air conditioning and hydraulics are a few of the available services. Please call Chris Laarman for an estimate. The wash bay is open 7 a.m. to 10 p.m. Monday through Friday and until noon on Saturday. Stop in and check it out, or call Travis Overway to schedule a wash.

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Late harvest puts growers behind on cropping plans

Seeds sales are a bit slower this year compared to last year due to the lower commodity prices and later-than-normal crop harvest.

These conditions have put the growers about a month behind on cropping plans for the 2015 growing season. Sales started to pick up at the end of January and February looks to be a busy month.

Soybean Management and Research Technology (SMaRT) meetings have drawn the growers in to review the best practices and technology to utilize in the 2015 growing season. The following topics from the SMaRT research were reviewed:

- On-farm research trial results for soil fertility and plant nutrition, combine speed and air-assisted reels.

- Agronomic management practices of the top yielding farms in the Michigan Soybean Yield Contest.

The MABA Conference, Thumb Ag Day and

Seed update

Bean and Beet Synopsis trade shows had great attendance this year. We were able to visit with current customers and potential new customers who were interested in learning more about ZFS' services and our non-GMO program.

The Great Lakes Crop Summit and our own growers' meetings were also great opportunities to meet customers to pass along information and explain all the ZFSelect Bean Team has to offer.

Our non-GMO program is expanding as growers are seeking additional revenue as commodity prices remain low. Many have also decided to rotate their chemistry program away from Roundup® sprays. We are seeing about a 10 percent increase in additional acres at this time, with expectations of additional acres by spring.



The Bean Team

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Large crop in South America will affect U.S. soybean prices



ZFS file photo

HUGE HARVEST: Brazil, and other countries in South America, are in the middle of one of their largest harvest seasons ever, which will further increase the world supply of soybeans and potentially drive U.S. prices even lower.

As we move through the first two months of the new year, we have seen grain commodity prices take a hit.

The U.S. dollar is looking pretty strong compared to other currencies, and there seems to be a fairly high level of comfort with the supply and demand levels we are currently seeing.

South America looks to have a great soybean crop coming into the final stretch of the growing season and that is going to affect U.S. exports once the harvest hits. Just how big an impact it will make remains to be seen.

In a few weeks, the U.S. will really start looking at domestic planting intentions, and we expect a little market competition for the undecided acres.

What do you need to know as a grower? Look for the peaks rather than the valleys when selling your grain. Target orders are never a bad thing to have in, and continue working with one of our merchandisers.

Market report

We also recommend trying to put a good marketing plan in place that includes locking in a margin/profit on all sales you make.

Over the last few years, swinging for the fences and hitting home runs has worked well for many, but now is the time when you need to look at hitting some singles and doubles. If you're fortunate, you may even hit a triple with your marketing plan.

These days there are so many "other" factors that can lead this market higher or lower and it's risky to try to predict. So if you feel like you need help putting your plan together, please don't hesitate to call Joel, Mike or Brian.

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