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Poppin' right along

❑ Zastrow Farms is the northernmost commercial popcorn grower in Michigan

For three generations, Zastrow Farms near Hemlock, Mich. has produced many things, from corn to soybeans to navy beans to dairy products.

But since the Roaring '20s, the one constant — the product upon which the farm has built its name and its reputation — has been popcorn.

“My dad (Clarence) started it. This is our 84th season,” said Lloyd Zastrow, who owned the farm for more than 30 years before turning it over to his son, Leon. “I’ve been growing popcorn for 54 years.”

The Zastrows grow about 140 acres of popcorn annually on the family plot in Midland County, about equal distance from Midland and Saginaw. Zastrow Farms is not the largest in Michigan, but Lloyd claims it is the northernmost grower of popcorn in the state.

“We are not that big. You find out if you try to get big that getting big isn’t always the answer,” Lloyd said. “Ours has always been a family operation. We have hired some help sometimes when we needed it.”

Lloyd knows all about large scale farm operations. At one time he raised more



Photo courtesy of Zastrow Farms

POPCORN KINGS: Lloyd Zastrow, left, has been growing and selling popcorn in Hemlock, Mich., for more than half a century. He handed over the business side of the operation to his son Leon, right, in 1999. Together, the Zastrows grow, process and distribute 140 acres of popcorn annually.

than 1,200 acres of soybeans and navy beans, and has been a contract grower for Zeeland Farm Services, raising non-GMO soybeans. He scaled back his operation as he got older, and now, at 69, he oversees the farming end of the popcorn operation, while Leon takes care of the business end, handling sales and distribution.

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Zastrow Farms

Owners: Lloyd and Leon Zastrow

Location: Hemlock, Mich.

Type of operation: Popcorn and soybean grower

Employees: 3

ZFS customer since: 1998

ZFS products help expand non-GMO markets



ZFS file photo

SHELF LIFE: Zoye® Premium Vegetable Oil, made has been on the shelves of Meijer and other retailers throughout the Midwest for more than four years. Producing retail products is one way Zeeland Farm Services is trying to expand the markets for non-GMO soybeans.

❑ Specialty soybeans in the crop rotation can be a benefit to growers, as well

As I write this, it is a bright shiny day with not a cloud in the sky. Too bad!

The lack of rain stuck some areas of the country with some yield loss as the crops did not quite finish all the way to their potential. Maybe next year.

We went to the D.F. Seeds field day in Williamston, Mich. in August. It was a beautiful day. The soybean crop looked great and the speakers were very informative.

One speaker talked about the issues they have had with weeds building resistance to Roundup® down south in the Mississippi Delta. He said the issue was getting worse and moving north. He recommended that the producers rotate their crops from Roundup Ready technology to conventional technology and back again, thus helping to prevent weeds from getting resistant to

Cliff's Notes

Cliff Meeuwsen is president of Zeeland Farm Services, Inc.

Roundup. He was afraid we would weaken the Roundup technology long-term.

We are also seeing some resistance in the beginning stages and would like to remind you that ZFS has programs that will pay you to rotate to specialty soybean varieties.

We have worked with specialty identity preserved varieties for many years and feel that specialty varieties will bring benefit to the soybean industry by expanding the markets the soy products will go into, thus creating more demand for soybeans.

We have worked to create markets in the food arena. For instance, our Zoye® Premium Vegetable Oil and our But-R-Lite® products are available at the retail level. It has been a

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ZASTROW: Gentle handling of popcorn gives consumers a better product

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Popcorn is typically picked in mid-to late-October, and Lloyd is about to embark on his 54th harvest season.

"My first field was in 1960. I was 16 years old. I knew a lot about the business and the (delivery) route because I grew up with it," he said. "When my dad passed away (in 1974) it was either I ran the business, or it got dropped."

So at 30 years old, Lloyd took over the operation, and with the help of his wife, Joyce, and their children, he continued to build the wholesale popcorn business for more than three decades. Of the four Zastrow children, only Leon remains involved in the business today.

Leon took over the business end of the operation from his father in 1999 after earning his degree in agribusiness management from Michigan State University. His primary focus is the distribution and delivery of the popcorn. Leon said he tried to turn the sales route over to others, but he has always ended up back on the road.

"It's tough to have somebody on the road for us. It's hard to find somebody you trust," Leon said. "We've had other drivers in the past, but we've found out we lost a lot of business with them. I took over the route in 2000 and our sales and customers have grown every year since then. Having me being on the road is pretty important."

Lloyd said the growing of popcorn is similar to growing traditional corn, although much of the chemistry used is different. The biggest difference comes in the picking and processing.

Lloyd said he does not use a combine to pick and husk the corn because it can be damaging to the kernels. In-



Photo courtesy of Zastrow Farms

SAFE STORAGE: The popcorn from Zastrow Farms is harvested by a picker and dried on the ear in several corn bins. Once the moisture level has been reduced to 13 or 14 percent, the corn is shelled and the kernels are bagged, ready for distribution.

stead, the popcorn is harvested by a picker, most of the husk is removed and the corn is stored on the ear in rodent-proof cribs to dry. It takes several months for the corn to dry down to 13 or 14 percent moisture.

Once dried, the popcorn kernels are removed from the ear by a sheller. Leon said the sheller is preferred over the combine because the combine often damages the kernels. Even a small nick in the kernel can result in tougher, chewier popcorn. The shelled corn is sized by a grain cleaner and placed in the appropriate bags for distribution. All the bags are loaded by hand.

"We are the only ones that I know of in the country that process corn the way we do. Everybody else goes through and harvests using a combine," Leon said. "They run it through dryers and they can take it to the grocery store in a couple of weeks. Ours takes months. It's the only way we can do it. We are so far north that we

would destroy it if we tried to harvest with a combine."

The Zastrows sell three varieties of popcorn. Leon said they grow about 100 acres of the traditional butterfly popcorn, about 30 acres of mushroom popcorn and another 10 acres of monster mushroom popcorn. The mushroom popcorn, which pops into more of a ball than the butterfly, is popular with kettle corn makers, who like that the kernels do not break apart when flavoring is stirred in. Monster mushroom is a larger variety of the mushroom, and Leon said the kernels can get as large as ping pong balls.

Leon said the Zastrows serve many schools and theaters in the Saginaw Bay area and beyond, and the popcorn is also available at local retailers. During the 2012 season, the Great Lakes Loons, a minor league professional baseball team from Midland, sold the Zastrows' popcorn at Dow Diamond.

And consumers of the popcorn are loyal.

"We've got some right now that we have to bag and send to Texas for a family that lived in this area and moved away. They say they can't find decent popcorn," Lloyd said. "We are always shipping popcorn someplace."

He says the quality of his family's popcorn is a result of the way in which it is cared for between harvest and distribution. Taking the time to handle the corn gently so the kernels are not damaged and patiently waiting for it to dry properly make for a quality product, he said.

"A lot of people just think popcorn is popcorn, but I could say a pickup is just a pickup. There's a lot of difference in popcorn," Lloyd said. "A lot of it is the way we dry it and shell it. If you talk to any popcorn seed company, they will tell you ear-dried popcorn is the best."

"We try to make the best out of what the good Lord gives us," he added. "You can't just say popcorn is popcorn."

CLIFF: Retail marketing takes patience, persistence

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challenge year-after-year to create brand recognition and thus sales of new products.

And there are many costs that add up when marketing a new product.

First, you have the cost of the product itself. In the beginning, we contracted for 10,000 acres of low sat production (surely, we could not afford to run out) and we only sold 3,000 acres worth. We then faced the dilemma of what to do with the rest of the beans. Storing them forward is expensive, but if we used them in regular production runs we would have lost the cost of the premiums that we paid the producers.

Then you look at the cost of IP processing. We need to store the beans and keep them completely separate. To do that, the handling equipment and bins have to be cleaned and sanitized and you seem to always end up with one bin half-full or less.

Then, at the processing plant, all of the flush beans and flush oil that it takes to clean the plant of all other product must be processed as regular beans and the premium is lost.

There is also significant cost in product development, labeling, bottling, packaging and transportation. To get good pricing, you need to buy volume. However, you have no sales, so you pay the long price.

Then there is the cost of sales. You staff up with sales people and work to get stores to carry your product. However, they will only carry it if they get a volume of product sales. There's the Catch 22. There

is low demand because it is a new product and many stores are reluctant to give up valuable shelf space, so you end up paying them a hefty stocking fee to put it on their shelves.

Add to that a large budget for marketing, which includes advertising, promotion, taste-testing programs and more, and you have a large cost before you even have your first sale. To top it all off, in the end, the product only has a product life of six months in the bottle, so you end up with some in the landfill.

Thus bringing a new product to market has many risks and is a costly process.

Despite the costs and associated risks, ZFS continues to promote specialty bean programs. We believe it will expand the demand for soybeans and give our American soybean producers a value added reputation that will separate them from the rest of the world's producers and make the U.S. the place to buy soy products for years to come.

There are more specialty bean varieties coming and they look to be going into promising markets. We look forward to giving producers the opportunity to participate in the future.

The bonus of rotating between conventional and Roundup Ready crops is that your herbicides and pesticides will change as well, keeping pests from building up resistance to the products.

Have a great harvest and be careful out there. As always we will be here to earn your business, so give us a call with any needs.



ZFS file photo

HOME GROWN: Zoye Premium Vegetable Oil, produced by Zeeland Farm Services, is made in Michigan from start to finish. It is made from soybeans grown in Michigan, the beans are processed and the oil refined by Zeeland Farm Services and the oil is bottled at a plant in Livonia.

ZFSelect® can help meet demand for non-GMO grains

☐ Conventional beans a way to fight back against glyphosate resistant weeds

Growers today face many challenges when trying to meet the rising demand for non-GMO grain. First and foremost is finding a reliable source of high quality seed.

ZFSelect provides soybean growers with several options, specializing in the oil traited low-sat and low-linoleic beans. ZFSelect is expanding our seed variety portfolio to include more non-GMO beans with higher protein and oil levels, earlier maturities for the northern markets and, of course, higher yields.

Success in this industry depends upon an ever-growing number of factors, including the weather, market prices, equipment, disease and in-

Seed update

sects, just to name a few. The list goes on and on.

As an industry, we have a major weed challenge coming at us like a freight train. It's called palmer amaranth. Growers need to be monitoring fields for weed escapes and distinguish the weed species.

Work with your local chemical supplier or consultant if you notice weed problems. A great way to break the glyphosate resistance cycle is to plant non-GMO soybeans and get a premium at Zeeland Farm Services.

The Bean Team at ZFS is working hard to be a consistent source of information and provide seed for our ZFSelect growers. Please contact us if you have any questions or concerns.



ZFS photo

FIELD DAY: Several Zeeland Farm Services customers toured the ZFSelect corn and soybean plots and heard informational speakers during the ZFSelect plot day on Sept. 19 near Eastmanville, Mich.

The Bean Team

Dan Bailey, CCA 616.437.3961
 Kyle Marshall 517.795.9628

ZFS merchandisers can help navigate volatile markets

Harvest is underway and with that we should begin to get a better idea on average yield numbers for both corn and soybeans.

This crop year has been full of mixed thoughts on whether we were looking at a large or small crop. The corn bears and soybean bulls have been pulling the market in opposite directions, allowing the soybean/corn price ratio to reach values of over 3:1.

The Oct. 1 stocks report was bearish for both corn and soybean markets. Corn stocks were reported at 824 million bushels, compared to the average trade estimate of 681 million bushels. Soybeans were reported at 141 million bushels, compared to the

Market report

average trade estimate of 124 million bushels. Wheat received bullish information, with 1.85 billion bushels compared to the average trade estimate of 1.9 billion bushels.

Early soybean yields have been better than anticipated, despite receiving very little rain in July and August. The flooded and prevented plant acreage is still unknown.

The corn crop continues to appear large enough to feed anticipated demand, as many Midwest farmers are reporting average yields upwards of 200-plus bushels per acre, compared

to last year's average yield of 123 bushels per acre.

This year's prediction as of mid-Sept. is 155 bushels to the acre. That is the largest average yield prediction since 2009.

The big question that remains is what the yields will look like in Iowa and other corn belt states.

Spotty rains, flooding and late-planted crops all weigh heavily on final production numbers, and crop condition reports vary county to county.

Target pricing is a good way to take advantage of short-term rallies in these highly volatile markets, which sometimes experience a great deal of

movement on the overnight session.

For unpriced harvest delivery corn, alternative choices to pricing may be price-later agreements, basis contracts or the use of options.

For up-to-date market information and details, contact a Zeeland Farm Services grain merchandiser for your marketing needs.

Once again, we wish our customers a safe and profitable harvest season for 2013.

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Feed Ingredient Options

Limited availability keeps distillers prices at a premium

Distillers Grains

In the Dried Distillers Grains (DDGS) market, availability has been limited due to several plants experiencing maintenance issues and reduced grinds. The prices of DDGS and wetcake have remained strong and at a premium in comparison to other feed ingredients.

The ethanol plants are waiting for new crop corn to come in so they can take advantage of lower corn basis. The real question will be if the grain farmers are going to sell the corn or keep it in their bins.

Some deals on wet products have been available due to down dryer times, but that availability is sporadic, making a consistent price and product difficult to source. Forward contracts are around \$200 FOB the plants.

Most farmers are noticing the corn is drying faster due to hot weather, so they should be harvesting earlier than in the past years. It seems that everyone is trying to fight through high August and September feed costs, and gluten and canola, along with some distillers, seem to be the products

most north central Wisconsin farmers are looking at to replace the poor corn crop in their rations.

Cottonseed

Cottonseed remains strong in the Wisconsin market, with prices still around \$400. Do not expect new crop and barge arrival cottonseed to be at the usual premium to old crop due to smaller cotton acreage and dry conditions in Texas and wet conditions in the southeastern United States.

Ginning season across the entire country is later than usual this year. We are expecting ginning will not occur until mid- to late-October in most areas. The ginning season will also be shorter this year because of the overall smaller crop being harvested. Call us if you would like contract pricing.

Corn Gluten Feed

Grind rates for corn continue to be slow, creating short supply of corn gluten feed, and there will be few offers from most plants until new crop corn arrives. Nearby prices have surged as old crop corn basis re-

mains strong and supplies are tight. Additionally, new crop values have strengthened since August.

Wet gluten also remains scarce as most plants will have no offers until new crop corn comes into production.

However, the value of gluten in the feed ration still remains high versus corn when comparing five-year averages.

Canola Meal

The canola market is kind of in a lull as of late. Western values have begun to back off slightly. End users have stepped up to buy a little protein, but it appears to be 50 percent of the market or less.

Look for canola meal values to stay competitive to soybean meal. If soybean meal basis becomes more expensive, canola will follow and become more expensive as well.

Soy Hulls

Soy hulls look to be a good buy as harvest arrives and soybean processing increases. Look for less demand as fiber is good in most areas.

Beet Pulp

Beet pulp, both wet and pellets, are available for contract. Processing began in mid-September and tonnage appears to be less per acre this year. Please give ZFS a call for quotes.

Ingredients Division

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Busy summer always a challenge for ZFS freight

❑ Vacations and new rules made it harder to keep the full fleet on the road

The drivers in the Zeeland Freight Services fleet were extremely busy all summer as all types of bulk freight were steady from the spring through-out June, July and August. Seasonal commodities such as produce and landscape materials, commercial freight, as well as our own grain, feed ingredients and soybean oil, kept the trucks moving.

Anyone who travels a lot knows that summer traffic and construction can test the patience of even the most professional driver. I'm sure it varies by location, but the general consensus is that this summer seemed to be slightly better than previous years around West Michigan.

Summer is also the most popular time for employees to take well-deserved vacations, and that almost always creates shortages of help throughout the company. At ZFS, we are always looking for qualified part-time truck drivers. Applications are available at www.zfsinc.com or at the Zeeland Farm Services administrative and transportation offices.

ZFS continues to search for ways to be more efficient and keep our costs down. We recognize that the drivers have the biggest impact on reducing costs and look for incentives we can

Freight update

offer our drivers for a job well done. The best truck drivers are generally underpaid, but we believe that will turn around over the next few years.

Although our fleet continues to grow, the miles driven remain about the same year-over-year. Stricter regulations and tighter schedules limit the miles a truck is able to cover each week. This is nothing new and will continue to be a battle for trucking companies when it comes to controlling cost per mile.

The changes to the hours-of-service rules that went into effect July 1 have proven to be yet another increase to the cost of moving freight. One of the changes requires drivers to take a mandatory 30 minute rest for every eight hours of driving. This sounds reasonable and looks good on paper. However, the next time you are really trying to get somewhere, try pulling over for 30 minutes and see if it has a positive effect on the rest of your trip.

Other major changes have been made to the way drivers can "restart" their hours. In the past, if a driver was off duty for 34 consecutive hours they could start the new work week with a clean slate and a full 70 hours of on-duty time available. This is still the case, except now the off duty time must include two consecutive time periods from 1 to 5 a.m., and drivers are lim-



ZFS file photo

TIME CONSTRAINTS: New hours-of-service and restart regulations are shaping up to be expensive changes for haulers like Zeeland Freight Services, which is using more trucks and drivers to cover roughly the same amount of miles as last year.

ited to one "restart" per week.

Again, it probably looks good on paper to someone. The unintended effect, which I'm surprised we are not hearing about more, is that the majority of truck drivers are now forced to hit the road between 5 and 6 a.m. Monday. Since many truck drivers eventually work late into Friday night and past 1 a.m. Saturday morning, and can only get one restart per week, they inevitably get stuck on this schedule. Motorists should beware when driving past large truck stops around 5:15 on Monday mornings as there will likely be hundreds of trucks merging onto the road at that time.

The ZFS maintenance shop 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, welding, brakes, air conditioning and hydraulics are a few of the available services.

Please call Chris L. for an estimate.

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ZFS receives first load of soybeans



ZFS photo

SPECIAL DELIVERY: The first load of new crop soybeans for the 2013 harvest was delivered to Zeeland Farm Services on Sept. 11 by Arlen Arendsen of Arendsen Farms in Holland, Mich. Coincidentally, it is the same date on which ZFS received its first load of beans in 2012. With harvest season fully underway, ZFS will be extending its grain receiving hours. Please check the grain bids page at the ZFS website, www.zfsinc.com/en/grain-bids, for our daily receiving hours, as they will vary from day-to-day. Also visit our home page, www.zfsinc.com, for a link to a webcam view of the grain receiving line.

Busy harvest on tap for ZFS soy plant

Soy Plant update

In mid-September, as it is every fall, the ZFS soy plant was shut down for a few days so we could take care of some routine maintenance.

We do this in advance of harvest to ensure that the plant will be capable of running as fast as we need it to during our busiest time of year.

Some of the things we took care of included inspecting and cleaning the plant from top to bottom. The cleaning alone helps prevent a lot of potential problems and the inspection is a critical step in the process.

Our plant runs 24 hours a day, 360 days a year, and soy beans can be tough on the processing equipment, so we take a close look two times a year to make sure everything is in good working order.

During shutdown, any problems that were revealed during inspection and deemed essential to fix were taken care of immediately. Other items were noted and

will be checked again in the future.

Now that shutdown is over, our attention turns to harvest and making sure we are ready for the big rush that comes with it.

During harvest we will be taking in many varieties of beans — non-GMO, GMO, low-sat, low-linolenic — as well as other grains, and they all must be stored separate from one another.

It gets quite busy at ZFS during the fall harvest, with trucks lined up one after another waiting to dump grain, and it's always a challenge to receive and separate the soybeans in a timely fashion.

But we've been doing this for more than 15 years now, and our experienced soy plant crew does a great job of getting trucks in and out quickly and keeping the line moving.

Please use a little extra caution when driving through our facility. It's our hope that everyone enjoys a safe and prosperous harvest season.