

In This Issue

KEEPING COOL



ZFS soy plant adds second cooling tower. See Page 3

OPEN ALL NIGHT



CME extends trading to 21 hours a day. See Page 4

Also Inside

Feed Ingredients Options.. 2
ZFSselect update 4
ZFS Freight update..... 4

PRSRT STD
US POSTAGE
PAID
ZEELAND MI
PERMIT NO 57

Agricultural innovators

❑ Zone tilling was pioneered and refined on Rawsons' mid-Michigan family farm

BY GARY BROWER
Zeeland Farm Services, Inc.®

It's been called zone tilling and strip tilling, and lately the catch phrase in the ag industry seems to be vertical tilling.

Ray Rawson, co-owner of Rawson Farms in Farwell, Mich., doesn't really care what it's called. He just knows it works.

Rawson is one of the pioneers of zone tilling, having developed and patented much of the equipment used in fields today, including the Rawson Three-Coulter System. He said zone tilling can increase yields up to 20 percent, while significantly lowering input costs.

"Farming is certainly a way of life, but it is also a business and you've got to look at the economy of how (zone tilling) can benefit all of us," said Rawson, who runs the family farm along with sons Steve and Dave and wife Helen. "It's night and day. If you take a field and (zone till) it and conventionally till another field and no-till another one, (the zone-tilled) field is going to win every time. It's got the water and the deep roots right away."



ZFS photo by Gary Brower

CUTTING EDGE: Rawson Farms in Farwell is co-owned by (clockwise from front left) Ray Rawson, Steve Rawson, Dave Rawson and Helen Rawson. Ray Rawson is a pioneer in the field of zone tilling, having worked on the technique for more than 40 years.

Rawson first began experimenting with zone tilling in the late 1960s, when very few farmers had even heard of the concept. Some were trying no-till farming in Kentucky, which intrigued Rawson. But he said air and soil temperatures, along with soil makeup in mid-Michigan, presented unique challenges, which led him to zone tilling.

See **RAWSONS**, Page 2

Rawson Farms

Owners: The Rawson family

Location: Farwell, Mich.

Type of farm: Soybean, grain

Employees: 18 full- and part-time employees

ZFS customer since: 1996

Pork producers facing heavier regulations

❑ Gestation stalls to be phased out in Michigan

BY GARY BROWER
Zeeland Farm Services, Inc.®

Long before McDonald's, Burger King, Wendy's and other large food service retailers began making noise about moving away from suppliers who use gestation stalls in pork production, Fred Walcott of Valley View Pork Farms saw the ground swell coming.

In 2002, about the time the stalls were banned in Florida and seven years before a law was passed in Michigan calling for the phase out of the stalls, Valley View began transitioning some of its herd into group housing pens. Today, about half of the producer's 10,000 sows are housed in pens at its Walkerville facility, while the other half remains in gestation stalls.

"We had heard the rumblings, and thought that it was eventually going to be on the front burner. Before we were manipulated by society's idea of



Photo courtesy of Valley View Pork

PIG PENS: Valley View Pork began moving some of its sows into housing pens 10 years ago. Owner Fred Walcott said there is no difference in the well-being of the sows compared to gestation stalls, which will be phased out in Michigan by 2020.

what they thought farming should be, we wanted to develop our own system ... something that would work for us," Walcott said. "We wanted to be a little bit ahead of the curve and get our feet wet with a system we built ourselves and we were comfortable with.

"It was a business decision. And it was a good decision."

Based on 10 years of anecdotal evi-

dence, Walcott sees no advantage to either system. Half the sows at Valley View are housed 30 in a pen and each has about 14 square feet of living space, roughly the same as a gestation stall.

"There are some drawbacks with feed efficiency and the social order of animals within that pen," Walcott said.

See **REGULATIONS**, Page 3

Feed Ingredient Options

DDGS prices stay strong as plants go offline

Cottonseed

Delinted cottonseed has become more available in this market with a product that flows well in mills and can be purchased at a discount to whole fuzzy cottonseed. Delinted cottonseed contains a little more protein and fat and a bit less fiber, but it is not as noticeable in the diets. The big advantage of this product is that it can be hauled in hopper trucks and flows well in and out of bins. Many mills have made the switch to help with product flow and gain a price advantage.

Fuzzy cottonseed is trading well below historical percentages of the grains at this time, which is allowing more to be fed in the ration. New crop cottonseed is trading at a discount to old crop by around \$30 per ton. If you are feeding this product, this might be a good opportunity to lock in your needs for next year. Low cotton lint prices are affecting the cotton acreage, which could decrease the supply of cottonseed next year.

Distillers Grains

In the Wisconsin market, the availability of Dry Distillers Grain (DDGS) has been limited due to maintenance issues and dryer complications at several plants. Hence, the price of DDGS has remained

strong and at a premium in comparison to other feed ingredients.

Though the price of soybeans has been weakening, DDGS merchandisers have a lot of contracts to fill with the export market. Therefore, they have most of the summer sold forward, so spot sales are more than likely going to stay above \$210 per ton.

Some deals can be found on wet products due to down dryer times, but that availability is sporadic, making a consistent price and product difficult to source. Most plants will not show a forward figure or new crop figure, as the ethanol markets have been up and down.

Wet Brewers Grain

Wet Brewers Grain (WBG) is widely available this time of the year. Though its moisture level is around 75 to 80 percent, as a source of protein and fat the barley malt and grain mix is cost effective in summer and early fall. For a small up charge, producers can purchase WBG in a bag delivered directly off the truck.

Wet Brewers Grains is a significant source for rumen "by-pass" protein.

The removal of starches and sugars during the steeping process lowers WBG's potential for acidosis. It also provides a good source of available phosphorus and selenium, and complements the ration with improved

palatability. As a TMR conditioner, WBG works to reduce sorting and ensures uniform intake.

Soy Hulls

Soy hull pellets have moved into rations in higher volumes. Prices should remain steady to higher through the summer as hay fields become corn fields. August and September contracts generally show higher prices as down time for plant maintenance gives incentive to price increases.

Canola Meal

Canola seed continues to be tight across the west. Strong exports to China and decent crush margins have almost eliminated 2012 carry out. Local basis is currently delivering to the farm at minus-80 respective soybean meal futures through the summer and that value is also available through the 2012-13 crop year.

Hominy Feed

Tight cash corn has pushed ground corn values higher. Hominy is tight in the nearby with decent availability still for the June forward position. Hominy has reached the farm as cheap as \$25 less than ground corn.

Corn Gluten Feed

Values continue to remain high versus the five-year average relative to cash corn. April brought us lighter grind rates due to scheduled shutdowns in the Midwest, creating a tight supply for nearby offers. This should improve for end users as the summer grass season comes to play and demand softens in the southern states. Many domestic end users are looking to buy hand-to-mouth instead of booking at these high levels. They are closely watching the new crop corn pricing levels, hoping for relief as a potential record corn crop develops. Export demand is still very soft compared to the last five years, but could improve if the European Union decides to start accepting United States produced CGF shipments again.

Ingredients Division

mi_ingredients@zfsinc.com
wi_ingredients@zfsinc.com
ga_ingredients@zfsinc.com

International Trading

Darwin Rader..... 616.748.1819

Annette Brown..... 616.748.1858

Michigan Office..... 866.888.7082

Clint Chernery • Dan Meeuwssen

Michelle Robinson • Shannon Caudill

Wisconsin Office 800.523.6760

Kevin Larson

Jeff O'Leary • Jennifer Roble

Georgia Office 888.281.1003

Ray Williams • Noel Kenney

All Billing Inquiries 866.888.7082

Bentley Kollen • Janie Gonzalez

Michele Hall • Sandy Tyron

RAWSONS: Ray Rawson created zone tilling technique on family farm in Farwell

Continued from Page 1

It was different and it was innovative, and it was heavily scrutinized by the farming community.

"We had neighbors on their hands and knees crawling through our fields at times, trying to figure out what we were doing," Rawson said. "The hardest thing for a farmer to do is change his mind, and if he's been doing something for years and years, he's slow to change unless he's sure it's going to work."

"It's almost an infectious thing. If this guy makes it work, then the next guy will make it work and the next guy will make it work."

Rawson said zone tilling worked well with the smaller planters of the day. With six- and eight-row planters, farmers could zone till their fields and apply the nutrition, then return later and drop the seeds into the rows right on top of the fertilizer. However, as the planters got larger, precise tilling and planting became more difficult and some moved away from zone tilling.

"They got into the position that it was a lot easier to broadcast (nutrition) out there, and as the tools got bigger and bigger, it was just easier to scatter stuff," Rawson said. "But then the price started doubling and tripling, so they went back to the process of how you could do it better and cheaper. It was always to the point of where you could grow more crops with less input if you put (nutrition) where the crops could get it."

"What you notice right away is your bottom line profit. That's your indicator," he continued. "If



ZFS photo by Gary Brower

INSPECTION: Ray Rawson, of Rawson Farms in Farwell, looks over a 12-row planter before it is sent out to the fields to plant corn.

there is (money) coming back more than you are putting out, then there is something better going on."

Technology has led to a boost in popularity of Rawson's zone tilling system. Tractors with advanced guidance systems let farmers repeat the

same paths over their fields, allowing them to place seeds and nutrients exactly where they need to be.

"I think you will see a change now with the technology that's out there," he said. "As evolution comes around, if an idea is still there, somebody will make it fit the bigger operations they have."

Ray Rawson was one of the first in Michigan to raise soybeans, and Rawson Farms has been a Zeeland Farm Services, Inc. customer since ZFS built its soybean processing plant in 1996. The Rawsons said they appreciate the customer service and integrity of Zeeland Farm Services, which really came to light in 2006 when a January fire destroyed the farm's office and other facilities, and threatened the previous season's soybean crop stored nearby.

"We lost everything. We lost all the records. That morning, we didn't have a pencil," Ray Rawson said.

"The thing that impressed us was that Zeeland Farm Services was here the next day," Steve Rawson added. "We had to get (the soybeans) cleaned out the next day, and (ZFS) was here with a line of trucks."

The Rawsons rely on ZFS' grain merchandising expertise to help their marketing efforts and also utilize the Freight Division to move product.

"It's been working pretty good with the Zeeland truck fleet. They can pull in here and catch a load going back (to Zeeland). That helps us and we hope it helps them," Ray Rawson said. "And you have got to have a reliable place for the products to go. That kind of relationship helps build business and farms."

Extra cooling tower will help soy plant on warm days

Soy Plant update

It was an interesting spring to say the least. We had a warm March, a much cooler but closer-to-normal April, then May finally gave us some decent planting weather.

Soybean inventories have remained strong and every storage bin available at ZFS is being utilized.

During our spring shutdown, a second cooling tower was installed in the processing plant to help increase our solvent recovery efficiency on the warm summer days ahead. Many other preventative maintenance projects were accomplished, as well.

Soybean meal demand has stayed strong and we continue to operate at, or near, capacity most of the time. The 2011 crop has been a good one overall for meal protein, but it has come at a price as the oil yield is well below average. We hope the earlier planted crop of 2012 will lead to a higher quality soybean and, in turn, increased oil yield.



ZFS photo by Gary Brower

Refinery update

We have completed the paperwork portion of our Safe Quality Food (SQF) audit and soon will have completed the practical or plant part of the audit. Once that is done, we will await a score from SQF which could take up to 45 days to complete.

Our auditor is familiar with the fats and oils industry and has more than a decade of job experience in the field. This is the first time we have dealt with an auditor not generalizing us into the same category as other food plants and that has made it a more

KEEPING COOL: A second cooling tower (right) was added to the Zeeland Farm Services, Inc. soy processing plant this spring, which will allow the plant to continue operating at peak capacity on hot summer days.

positive experience for us.

As you can imagine, it gets frustrating when you have to do something that is very expensive and logically doesn't seem to make any sense when you have an auditor making decisions based on a non-comparable industry. We're optimistic going forward that this will be minimized.

We are in the process of adding a 20-foot extension to the rear of the loadout building here at ZFS. The extension is being built for a couple of reasons. Primarily, it is being done to solidify our food

defense program by allowing trucks of all sizes to fit into the loadout bay with adequate room for inspection of the trailers.

Another project on the horizon at ZFS is new technology that will allow us to do a better job of mixing the oil with the additives in order to eliminate excess materials going into the finished product. It will also promote better separation at the centrifuge to improve oil loss efficiency. This product is new to the fats and oils industry, so we have high hopes all goes well.

REGULATIONS: Changes coming as gestation stalls must be phased out by 2020

Continued from Page 1

"It's a little a sad that this is kind of being foisted upon the industry," added Sam Hines, executive director of the Michigan Pork Producers Association. "These stalls didn't just drop out of thin air. They were used for a good reason ... but our antagonists have done a pretty good job of crafting their message."

Denny DeYoung, owner of DeYoung Pork in Plainwell, has been a pork producer for 40 years. He's been housing sows in gestation stalls for about 20 years, and is not thrilled about going back to pens. Not only will the infrastructure change be costly for producers, he said it will be harmful to the animals, too.

"Being in the industry for quite a long time and having been on both sides of the fence ... the stalls are a whole lot better," said the past president of the Michigan Pork Producers Association. "We can take care of the individual animals in the stalls a whole lot better. When we drop feed in front of her, she doesn't have any competition for the feed and we can see exactly what she ate."

Florida was the first to ban the use of gestation stalls. Arizona followed in 2006 and California two years later. They are being phased out in Maine and Oregon as well, and pork producers in Michigan have until 2020 to move to alternative methods.

Most of the changes have been brought about by pressure from ani-



Photo courtesy of Valley View Pork

HAPPY TOGETHER?: Half the sows at Valley View Pork are housed together, 14 in a pen, while the other half are kept in gestation stalls. Valley View owner Fred Walcott said their is no apparent advantage to one system over the other.

mal rights groups, and the most active is the Humane Society of the United States. DeYoung said the HSUS has taken to buying stock in large retailers, then pushing its agenda at stockholder meetings, coaxing shareholders to move the companies away from producers who use gestation stalls.

In May, HSUS tried that approach with Ann Arbor-based Domino's Pizza Inc., but was rebuffed by the company's shareholders. Domino's, however, is one of the few firms that have stood up to what DeYoung calls the humane society's campaign of misinformation.

"I would say they prey more on emotions than facts. It's called a drive-by shooting. They come by and spray a bunch of bullets and you have to deal with the collateral damage. That's

tough," DeYoung said. "Having dealt with (the HSUS) for a number of years, I'm still not sure of their motives. The only thing that I am sure of is that it's not truly the care of animals. That is not their main goal."

The HSUS put Michigan pork producers in its crosshairs in 2009, when it threatened to push for a referendum vote to ban gestation stalls in the state. Rather than spend money fighting a battle they didn't think they could win, Michigan's pork producers agreed, with some caveats, to phase out stalls over the next decade. Gov. Jennifer Granholm signed the animal protection bill into law in October of 2009.

"We felt as though a referendum vote in Michigan would not be good in general," Walcott said. "People

get the idea of what they want to see based on grandpa's farm or pictures they've seen of great grandpa's farm. What we have is the third or fourth generation removed from the farm trying to influence what is going on."

The fear is that Michigan will follow the path of the European Union, where gestation stalls will be eliminated by 2013. Experts project the pork supply in the EU will dwindle and prices will skyrocket.

"They think pork will be reduced by at least 10 percent. Pork is a pretty inelastic commodity and a change in supply usually equates to a double change in the price at the retail level," Hines said. "Prices could be 20 percent higher in the marketplace. To some extent, that is what is going to happen here."

Already, many smaller producers in the EU are leaving the industry rather than taking on the capital expense of conforming to the new regulations. DeYoung thinks the same thing will happen in Michigan. He said if the HSUS' goal is to reduce large production operations, the banning of gestation stalls will have the opposite effect.

"My take on the whole activist movement is they want more small farmers, but they are going to drive small farmers out of the business because they don't want to deal with the regulations," he said. "Most farmers aren't the kind of people who like to deal with paperwork. They want to be in the barns or in the fields working."

CME extends grain market to 21 hours a day

❑ Longer window will change the way in which commodities are traded

On May 20, the grain market underwent a drastic change as the CME Group opened trading hours from 6 p.m. EST until 3 p.m. the following day.

There will be no more USDA reports being released at 8:30 a.m. and then having to wait until 10:30 to see where the markets open. Everything will be instant.

Be aware that the CME could possibly change this by the time you read this article. In the three weeks leading up to the new hours, CME changed the trading hours a few different times.

The USDA has predicted about 96 million acres of corn will be planted in the United States this year, and although demand supports those acres, it still could result in lower prices come

Market report

harvest.

Remember, there is a difference of about \$1.25 to \$1.50 a bushel between old crop and new crop corn. Those prices will come together at some point, and we look for the cash to come down and meet the new crop price, rather than the new crop price rising. But, as we have all said before, we are only one USDA report, one instance of Mother Nature turning on or off the rain, or some other kind of global news away from these markets changing considerably. Get your target orders in to make sure you take advantage of these opportunities.

The soybean market has remained solid in early 2012 and has given us the opportunity to lock in some very good cash and new crop 2012 prices. There is nothing wrong with locking in a profit,

and we have seen some prices that make it possible to do just that.

It looks like the wheat crop could be a few weeks earlier than normal, and we have talked to many farmers that are entertaining double cropping beans behind wheat. Granted, this is Michigan, and our few acres will not make a big dent in the production numbers. However, if we see other states like Ohio and Indiana doing it, that could affect the soybean market.

Export demand has stayed strong for U.S. soybeans and that should help support soybean prices, but as with corn, there is about a \$1.50 a bushel difference between old crop and new crop prices. It's more likely we'll see cash drop more to meet new crop values over the next three to four months.

The soybean meal market has rallied right along with the soybean market, and meal has been more than \$400 per ton for the last month or so. If you

do not have all your needs contracted ahead, look for breaks in the market to grab those spot loads you will need. We have started to see some interest in late 2012 and 2013 meal bookings, but it looks to be a little early to start locking in usage just yet.

If you need to make room for wheat in the bins, be a little proactive and get your corn or soybeans moved now, rather than waiting to the last minute. If you need help with trucking, give us a call and we can also assist with your freight needs.

Let us assist you with all your marketing needs by calling (866) 888-1839. Visit us on the web at www.zfsinc.com. Click on the grain bids tab and sign up for the daily grain bids email.

Grain Division grain@zfsinc.com
 Jeff Johnston616.748.1851
 Kurt Bergstedt.....616.748.1832
 Brian Meeuwsen616.748.1846

Fewer weight restrictions mean less stress for truckers

The Freight Division at Zeeland Farm Services enjoyed the mild winter this year. Although it's hard to calculate, warmer weather equals major savings for most trucking companies.

Most of us will remember 2012 as the year without spring weight restrictions. This is the first year most of us can remember in which several counties, including Ottawa County, did not impose weight restrictions. Since

Freight update

there was very little frost, our roads are in better shape than ever. We wonder how much money the mild winter saved the state of Michigan.

Because the weather was so warm, the normal spring rush at the ZFS Freight Division was a little more relaxed and drawn out this year. Nor-

mally, the addition to the workload of seasonal freight like fertilizer, mulch, stone and other commodities makes it difficult to keep up with our customers' needs for a short period of time. For whatever reason, that was not the case this year. We moved the same amount of products, but the couple extra weeks of nice weather made it easier to move them.

Fuel seems to be stuck around \$3.90 per gallon, and ZFS continues to look for ways to control our fuel costs. Compressed natural gas (CNG) will likely be the fuel of choice in the very near future. ZFS is researching this and it could potentially be a real game changer.

We continue to look for part-time drivers at ZFS. Full-time positions are limited, but we always accept applications and will conduct interviews when positions become available. Applications are available online or at the ZFS administration office or operations building.

At ZFS, we continue to make upgrades to our transportation fleet, and have a couple used trucks and trailers for sale. All of our equipment is well maintained from start to finish. Please call Kurt Meeuwsen at (616) 748-1850 if you have questions about used equipment.

Our maintenance shop is open 24 hours 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.

Transportation Division mi-freight@zfsinc.com
 Greg VanderWal & Don Lewis
 Grain Hauling 866.748.1820
 Mike Keeler & Jill Barnes-Caudill
 Bulk Commodities..... 800.968.4507
 Jamie Andrews
 Tanks & Containers 800.968.4507
 Chris Laarman & Travis Overway
 Garage & Wash Bay 800.748.0595
 Jeff Griffith,
 Florida Transportation... 888.826.6809

Same great product... brand new look!

We are proud to unveil a new look for the same great product you have come to love: Zoeye Low Saturated Fat Vegetable Oil! You'll be happy to know that you'll be getting the same great product that we have always brought you, but with an updated package. And since there won't be any changes to our product, you will still be getting a non-GMO, low saturated fat oil loaded with Omega 3 & 6 and Vitamin E, made with renewable energy!

Look for the new bottle on shelves of Meijer, D&W and Family Fare today!

Made with renewable energy by the eco-friendly people of Zeeland Farm Services.
 Visit www.zoyeoil.com for recipes, contests, and more!

Variety key to fighting weeds

Seed update

At Zeeland Farm Services, Inc., we are excited about the new opportunities for growers in the seed business.

The focus in the future will be the "War on Weeds," and knowing the history of herbicide-resistant weeds can help you form a plan to whip them.

Based on our history with ALS, Atrazine and PPO inhibitors, herbicide-resistant weeds are nothing new. If you continue to attempt to control weeds the same way year-after-year, you are heading for disaster.

When fighting weed infestation, it is important to be timely. Control weeds when they are smaller, in the 2- to 4-inch stage. Follow and use recommended label rates.

You should use different systems for weed control. Rotate between Roundup Ready soybeans, Liberty Link soybeans and conventional soybeans – yes, con-

ventional soybeans. That will help break the cycle of continuous Roundup use.

A great option to break the weed cycle is to plant ZFSelect non-GMO varieties from our tested and yield-proven varieties of Low Sat and Low Lin beans. The ZFSelect® varieties command a processor-preferred premium and can be marketed throughout the growing and marketing season.

Zeeland Farm Services offers competitive pricing, delivery options and a reliable market for your conventional soybean crop.

The Bean Team
 Dan Bailey, CCA..... 616.437.3961
 Brian Dierberger517.490.4216