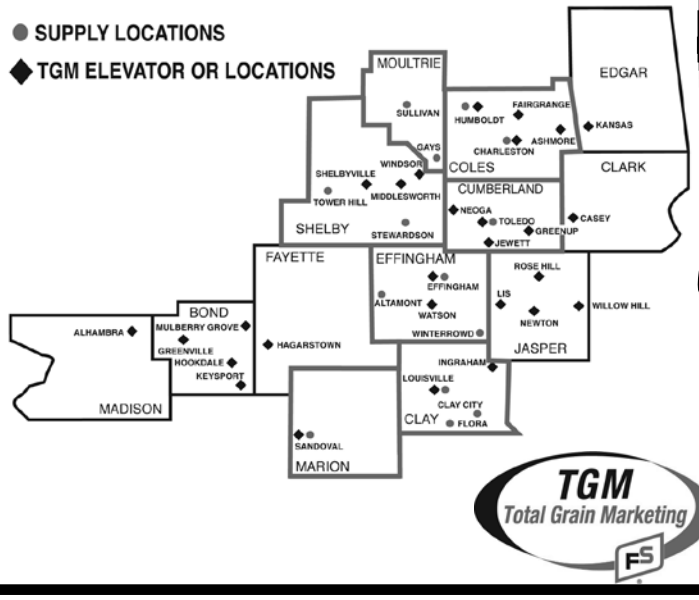
MARCH 2011

Effingham-Clay Service Company



TGM Total Grain Marketing

Country Connection

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GRAIN SCOOP: Increasing Acres (Impossible)

By Kim Holsapple

Have you gotten the feeling this year that all the talk of increasing acres is falling on deaf ears? For several months now we have talked about the need for additional acres for corn and beans. Every trader in the world knows that wheat acres have increased this year and the pot in which we have to pull acres out of is dry. Just as we talked about $5.00 corn at the end of harvest cutting demand, hog, cattle, and crude oil made an explosive run to the up side. Cash hogs traded from the mid $50.00s to the mid $60.00s, cattle from the high $90.00s to over $110.00, and crude from $78.00 per barrel to over $93.00 from mid October to the end of January. Even with my limited mathematical ability I can clearly see that the increase in the end product has at least kept up with the increasing feed stocks. So we are showing more profit now with $6.50 corn verses $4.50 corn in early October in the livestock sector. The market is just like a dog chasing its tail. Just when corn thinks it has rallied enough to buy acres away from beans, the bean market wakes up and rallies back to take the acres back. While this has been going on for 3 months, the livestock market has set all time highs and ethanol production is clearly at record levels and the demand has not been able to cut one bushel. In fact, demand has increased from where we thought we were going to be a few months ago.

Had we started cutting demand in October we could have made this supply stretch into the new crop. But as it sits now, it is like two trains heading towards each other on the same track full throttle. Neither one has hit the brakes and there WILL be a head on crash. This being said a run to $7.00, $8.00 maybe even $10.00 is possible until we sharply cut demand and the longer we go without cutting demand the higher it has to go to sharply curtail demand in the shortened period. Weather will become a factor much earlier than normal. March corn must get planted to get some much needed bushels fed into the market in August. It would appear to me that our stocks to use ratio will be the tightest in history at fewer than 5%. What does this mean? It means that at the end of our marketing year (August 31st), we will have enough corn to run 5% of another year. This is 18 days worth in September. Just imagine what will happen if we have a spring like we had in 09. With all this being said what do we do?

As of this writing I have made no additional old or new sales since September 24th when we learned our crop had been severely damaged by the summer's heat. One thing I would like to remind you of is that as of the end of January the high in December 11 corn and November 11 beans were set more than 2 years ago. This is correct. The highs for this year's crop was set in 2008 when we seen our last rally. Let's remember this and as always I will recommend being proactive in pricing our forward crop years. Just imagine in 2008 you could have sold November 2011 beans at $15.50 nearly $2.00 higher than the present price. My next objective will be $6.00 new crop corn out of the field and $14.00 new crop beans. As for how many bushels and how many years I will be selling, we will wait and see. That's what I love about the markets in the United States. We have the flexibility and the tools available to help make us profitable for years to come.

THOUGHT OF THE MONTH

Every individual makes a difference. We cannot live through a single day without making an impact on the world around us. And we all have free choice – what sort of difference do we want to make? Do we want to make the world around us a better place? Or not?

Jane Goodall
Wildlife researcher

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Certified Crop Advisor

Jim Howard
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Crop Insurance Specialist

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Effingham-Clay Service Company

Stan's Safety Section: ANNUAL SAFETY TRAINING

By Stan Joergens

The Annual Safety Training was conducted recently at the Effingham K of C Hall for all employees of Effingham-Clay Service Company and Total Grain Marketing LLC. There was some modification to our routine training which included more specific training for the area of the employees work responsibilities. There were several videos used for the training. The beginning video was a real life lesson on why not to cut corners or ignore safety policies. There were other videos dealing with defensive driving and why it is important to keep your mind on your work and your driving and one on LP Gas Safety.

The Safety topics for the morning session were: Anhydrous Safety, Hazmat Information and Safety, DOT regulations and driving safety and Forklift safety. The group of employees broke for lunch and had an opportunity to ask more questions and also place orders for their spring uniforms. After lunch there was break out sessions for employees that work specifically for Total Grain Marketing by using grain specific safety training that included Lock Out , Tag Out procedures, Confined space training. Meanwhile employees that work specifically for Effingham-Clay Service Company were invited to the other sessions dealing with job specific subjects of Effingham-Clay Service Company such as Pesticides, Hazmat Transportation and avoiding roll over's of liquid tankers and wagons.

The training this year was full day sessions instead of half-day sessions as we had previously presented. We felt that job specific training would be beneficial to employees of both companies which would take more time to accomplish. There were more videos that dealt with company specific subjects and more hands on training for both companies. It was a full day of training and presented and taught by our "THE SAFETY RESOURCE" Safety Committee. The Sub Committee that was formed to plan the day of activities had previously attended other safety trainings to get some new ideas and recommendations to improve the affect of our annual Safety Training. We are constantly striving to improve our company and to make our companies a safe place to work for our employees and a safe place for our customers to do business and our communities that we do business in.

Effingham-Clay Service Company and Total Grain Marketing LLC employees are committed to safety not only for the companies that they work for, but it is also very important to expand that safety initiative to our communities and especially back to our individual homes for our families.

If there are safety items or training that organizations or Emergency Response personnel could benefit from, please contact any of our facility location managers because they make up our company wide Safety Committee. They would be eager to assist you in safety training or contact the professional trainers such as grain entrapment rescue training, or Anhydrous Ammonia Safety. All of our employees are proud of the communities that we work and live in and are eager to help you with information and safety in our communities.

Employee participation in Safety training (look alike chemicals).

Effingham-Clay & TGM employees at safety training.

CROPS ALERT

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Pursuit of Maximum Yield Cooperators attend Seminar

On January 27th and 28th, Effingham-Clay Service Company and GROWMARK, Inc. sponsored a seminar in East Peoria titled "In Pursuit of Maximum Yields." Invited were producers who participated in these trials in the past growing season.

Effingham-Clay Service Company participants took a chartered bus to East Peoria on Thursday, January 27th, they then toured the Caterpillar facility in East Peoria which produces the D9, D10 & D11 Caterpillar tractors.

After touring the facility, they attended a short meeting presented by Ryan Hasty, in which a summary of all of Effingham-Clay's trials were presented from the 2010 production year. Later that evening, the group dined at Alexander Steak House.

On Friday, they attended the seminars and heard from the following presenters and what they covered.

- Dr. Mike Boehlje, Purdue University
  - — Demand Factors
    - Exports are Critical
    - China – 1.3 billion people to feed
    - India – 1.1 billion people to feed
    - India & China spend 30-40% of their income on food
    - USA spends around 11%
    - 36% of US corn crop used in ethanol products
  - — Industry Structure
    - Volatility of margins – 400% increase in farmer's margin in the past 2 years
    - 2015 farms – interest will be 9-10%
    - Current margins will not last 20 years
- Dr. Fred Below, University of Illinois
  - — Discussed needs for 300 bu corn
  - — "7" Wonders of Corn Yield
  - — Fungicides have showed great response in raising corn yield

Group in front of Caterpillar facility.

Pictured left to right: Steve Mette, Randy Bloemer, Phil Hartke.

Growers attending meeting during POMY Seminar.

- Dr. Vince Davis, University of Illinois
  - — Variety selections is key to raising soybean yields
    - Field by Field
  - — Not all RR2 genetics are showing the needed yield response
  - — Know your genetics and the supplier
  - — Beans planted before May 10th show a .35/bu. increase per day compared to beans planted after May 10th (beans planted on May 20th would yield 3.5 bu. less than beans planted before May 10th)
    - Panel discussion on Precision Farming
  - — Technology is going to explode
  - — Robotic equipment
  - — Standardization of information is needed
- Dr. Gary Baise, Agriculture Law
  - — Water Challenge
    - Runoff a concern – fertilizer, pesticides
    - Clean water act
    - Nutrient water quality standards
- Dr. Howard Brown, GROWMARK Agronomy Services Manager
  - — Pursuit of Maximum Yield System Results
  - — Nitrogen Management in corn

Everyone in attendance enjoyed all the presentations.
For more information on how you may participate in this year's comparison, contact your local Crops Specialist.

Seedling soybean diseases

By: Ryan Hasty

Interest in use of fungicide soybean seed treatments is increasing.

Many farmers are frustrated at inability to increase soybean yields and diseases are one of the culprits. Factors that contribute to soybean seedling disease occurrence include earlier planting dates and an increase in conservation tillage/no-till soybean acreage. In many field situations in our area, seed treatments should have value. Obtaining the best value from fungicide seed treatments, however, requires knowledge of the disease(s) that has historically been a problem, including knowledge of the conditions that favor infection by these diseases.

Following are brief summaries of common seed and seedling diseases of soybeans:

Pythium Seed and Seedling Blight – Favored in wet soil (infectious swimming spore), at soil temperatures between 50° and 60°F. Commonly causes seed and seedling rot or "damping-off" of soybean seedling. Pythium is a soilborne disease and affected seedlings may die before emergence or shortly after emergence.

Phytophthora Rot – Favored in wet soil (infectious swimming spore), at soil temperatures between 65° and 80°F. Commonly causes damping off, root and stem rot, or late season root or stem rot with collapse of plant in hot weather. The stems of seedling infected plants will have a brown color. Phytophthora is a soilborne disease. Over 55 distinct races described.

Rhizoctonia Damping-Off and Root Rot – Present in all soils and can survive on decaying plant matter. The disease seems to be favored on coarse-textured and light-colored soils with pH above 6.6. Soil moisture does not have to be high (30-60%) but soil temperatures are usually between 75° and 90°F. Infection often initially occurs at the soil line causing reddish lesions that can girdle the stem in extreme cases.

Fusarium Root Rot – Caused by at least 2 species of Fusarium. Infection generally occurs in soils at or below 58°F, particularly if soybean growth is slowed or soybeans are stressed. Reddish-brown discoloration of lower stem and root may be confused with Rhizoctonia.

Phomopsis / Diaporthe Seed Rot – Although a seedling blight or cotyledon infection rarely occurs with this disease, the most common symptom is missing plants caused by seed rot. This disease may be soilborne but is commonly seedborne. Infected seed may not germinate; seeds that do germinate tend to grow slowly and can die after emergence. Stress conditions enhance pathogen growth and expression of symptoms.

There is a common theme to managing all of these seedling diseases:

- Plant high quality, disease free seed
- Be sure the seed bed is in good condition
- Cool, wet conditions favor disease severity with the exception of rhizoctonia.
- Use a broad spectrum fungicide seed treatment to protect yield.

Talk to your local Crop Specialist about custom seed treatments that fit your needs.
We offer bulk seed with applied fungicide, insecticide, and inoculants seed treatments.

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FS Total Livestock Services
Added Services for Area Livestock Farmers

September 1, 2010, FS Total Livestock Services leased the Shobe livestock yards on N. Rt. 45 of Effingham to help area swine producers have a gathering and semi truck loading location for market hogs. Ashley Sayers, TLS Swine Enterprise Specialist, manages the facility and works with packer buyers and truckers to minimize freight, and minimize sort loss while making life easier and more productive for area swine producers.

February 1, 2011, FS Total Livestock Services added the selling of Livestock Gross Margin Insurance for area dairy farmers. Tony Deters, FS Crop Insurance Specialist has become licensed to offer LGM insurance for dairy cattle. Tony, and Phil Westendorf, TLS Dairy Enterprise Specialist, are showing area dairy farmers how to minimize risk and protect each individual farm's income over feed cost. TLS is using Country Companies much like federal crop insurance works for grain farmers.

FS Total Livestock Services is proud to be able to add services revolving around the FS Core Values:

* Reduce Risk
* Improve Profitability
* Improve Competitiveness
* Make Doing Business Easier

Ashley Sayers Tony Deters Phil Westendorf

National Agriculture Week
March 13-19, 2011

This week has been designated as National Ag Week; Ag Day is celebrated March 15th.

Today's farmers work harder than ever to meet the demands and needs of Americans and others around the world. Farmers are now not only growing products used in the food on your table, but also those in the table itself, as well as the fuel in the vehicles you drive. At Effingham-Clay Service Company, we applaud everyone involved in the many facets of modern agriculture during National Agriculture Week.