New Facilities Will Be Ready for Fall Harvest

With the big crops we’re expecting this fall, Skyland Grain LLC is excited to have some additional space for your grain. These additions will help us better serve members in southwest Kansas and the Oklahoma Panhandle.

NEW FACILITY IN DERMOT, KS
There’s a tremendous amount of corn in southwest Kansas right now. So this is an excellent time for our new facility in Dermot at the intersection of Big Bow Grade (Road 27) and Dermot Road in Morton County. This location will have a million-bushel bunker, high-speed conveyor, scale house and access road, plus room to grow on the quarter section we bought for this facility.

For the last several years, customers have been talking to us about coming into this area with a facility. Some of them have been hauling grain as far as 25 miles into our Johnson and Big Bow locations—many driving right by this new Dermot site. So this new Skyland facility will significantly cut their drive time. Plus, it will take pressure off of our Big Bow and Johnson facilities—both of which have been very busy locations for us.

This Dermot location is also an opportunity for Skyland Grain to grow. We’ll evaluate after this fall harvest. If things go well at this “greenfield site,” we may make a decision to build out the location in the future—just like our Vilas and Rolla locations.

David Malone, our Stanton County Area Manager, will add the Dermot location to his group. (Even though Dermot is in Morton County, it fits well with David’s territory.)

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Adding a facility in Hough, OK
We’re also in the process of buying a grain facility from ADM in Hough, Okla.,—16 miles southeast of our Rolla location. The Hough site has approximately 930,000 bushels of permanent storage and another 1.2 million bushels of bunker storage.

Your Skyland board and staff are excited about coming into this excellent irrigated market, and serving producers in the Oklahoma Panhandle.

Also adding a location in Wild Horse, OK
In conjunction with the Hough site, we’re purchasing a grain facility from Scoular Grain at Wild Horse, Okla.—four miles east of Hough. This location has a two-million-bushel bunker system with two high-speed conveyors, a scale house and a shop. We’re going to operate the Hough and Wild Horse facilities under one manager, Ryan Bellew, who we have hired as our Southern Area Manager.

Welcoming new members in these areas
For our new customers in the Dermot, Hough and Wild Horse areas, or for any of our current customers, it’s important to understand the coop structure—and the value of being a member:

• Skyland Grain LLC is majority owned by Skyland Coop Inc.
• All the business you do with Skyland Grain (grain, fertilizer and chemical) and Southwest Kansas Coop Services (fuel) is eligible for patronage allocation.

We encourage prospective members to take advantage of the coop structure in your area. To obtain a membership application, call our main office at 620-492-6210.

Our mission statement
Connecting our producers to the world.

We believe:

• All our interactions will be conducted with integrity and responsiveness.
• The safety of our employees and communities is paramount.
• Environmental stewardship is our responsibility.
• Sustainable growth is essential to our future.
• The success of our producers contributes to our success.
• Our financial strength is crucial to all stakeholders.
**Wheat**

We had a pretty good rally in early July fueled by speculation that the spring wheat crop in the Dakotas and Montana would be poor. Turns out, the crop—although not great—was adequate. Plus our local hard red harvest—although less than last year—was also adequate since we had so much carryover from last year. Now that the market has figured out we have plenty of wheat to go around, wheat prices have backed off $1.70 per bushel from the high.

Even with how cheap our wheat has gotten, we’re still not the cheapest wheat in the world. Russia just had a big wheat harvest, so they have plenty of cheap wheat to export—which cuts into U.S. export opportunities.

**We’re also feeling the impact of Hurricane Harvey.** Approximately 75% of hard red winter wheat that the U.S. exports is shipped out of Galveston, Houston and Corpus Christi. Our shipments to that area are on hold for now, and we’ll have to see how that all plays out.

As for 2018 wheat, some producers are cutting back on wheat acreage because of low market prices. Plus, with the big spring snow in the western third of Kansas, a good number of growers decided to plant corn or milo on ground that would’ve been wheat this fall. Looking ahead, this reduction in wheat acres could help support the market.

**Soybeans**

Though we don’t grow a lot of beans in western Kansas, the rain came late enough that we should have a pretty good bean crop. The U.S. really needs the export business to China to help us with bean prices. So we’re all keeping an eye on trade talks with China.

**Milo**

There’s significantly less milo in the fields this fall. Locally, dryland corn took the place of some milo acres, while some other areas switched their milo acres to cotton. Plus, a fair amount of growers shied away from planting milo this year for fear of the sugar cane aphid that caused so much trouble last year on milo in Oklahoma and Texas.

China is always the biggest importer of U.S. milo. As long as they stay in the market, we think there will be some good homes for milo harvested this fall.

**Corn**

The corn market has fallen off quite a bit in the last couple months in anticipation of another strong year. Plus, there’s still a lot of corn left over from last year’s record U.S. corn crop—which also works against us on price.

Right now, corn acres in western Kansas look great. However, parts of the Dakotas, Nebraska and Iowa aren’t looking as perfect as a year ago. So we could see a post-harvest rally if the market sees that maybe the overall 2017 corn crop isn’t quite as good as they thought.

**What’s next?**

There are always unknowns that affect markets. Hurricane Harvey is a perfect example. But even with those curveballs, the market will give you opportunities. You just have to be ready to pounce when those opportunities come along.

Skyland has an extensive selection of contracts to offer you. Please give our grain team a call at 620-492-6210, and we’ll help you develop a plan.
With all the moisture we've had this year, we're also seeing an abundance of grasshoppers. Many of you have sprayed the edges of your corn fields multiple times to stay ahead of these pests. Now, you need to take action to stay ahead of those grasshoppers when you start drilling wheat.

**Seed Treatment is the Key**

Unlike corn, spraying the outside edges of your wheat fields just won’t do the job. Seed treatment is going to be the answer for grasshopper control in your newly planted wheat fields. By treating the wheat seed, you’ll get systemic, long-term control through the fall.

Some of you will be able to use a commercial treater—which we have in our Cunningham location. Or in our western region, we can help you with an on-farm treater—allowing you to treat the seed as you’re filling the drill.

Please contact the local Skyland agronomy experts listed below for assistance with planning your seed treatment for the best grasshopper control.

**A Note About Fertilizer**

You might have noticed that fertilizer prices fell back during late summer. Of course, we don’t know how long those prices will hold. But this is a good opportunity to contact your local agronomy staff member about locking in some prices or prepay.

Looking Back to the Kansas Grasshopper Plague of 1894

“The insects arrived in swarms so large they blocked out the sun and sounded like a rainstorm. They ate crops out of the ground, as well as the wool from live sheep and clothing off people’s backs.”

For the full story about how Kansas farmers handled this disaster, visit the Kansas Historical Society website: [www.kshs.org/kansapedia/grasshopper-plague-of-1874/12070](http://www.kshs.org/kansapedia/grasshopper-plague-of-1874/12070)
Hitting the road
Board Covers Skyland Western Region
In 16-Hour Road Trip

On August 23, your board of directors hopped on a bus for a tour of Skyland’s western region facilities (we toured the eastern region last year). These trips are a great way for us to get familiar with everything, so when discussions come up in board meetings about updating a facility, we have a good idea of that location.

It’s also a good opportunity to look at the crops in the fields and see what we can expect. Right now, it looks like a lot of bushels will be coming our way. So we are making management decisions to make sure we have enough storage and enough people in the right place at the right time when harvest kicks off. Our goal is to keep combines rolling, keep everyone happy and make sure nobody gets hurt.

Adding storage
As noted in the article on page 1, we’re adding a location in Dermot that will take some pressure off of Big Bow—and help some of those farmers who have a lot of truck miles.

Hopfing for dry corn
As it stands now, we have the biggest dryland corn crop anyone has ever seen. The challenge is how and when this corn is going to dry down. It depends on Mother Nature and how the fall hits us. Skyland can handle a lot of dry corn, but in some locations, we are somewhat limited on how fast we can take wet corn. So we encourage you to be patient. And if you’re going to be bringing us wet corn, please let us know ahead of time. Our employees work awfully hard to provide good service—and the advance notice will help them do the best they can for you.
Southwest Kansas Co-op Service Energy Outlook

We have remained rangebound in the energy complex over the last few weeks, with several key areas that may influence prices going forward. We normally see gasoline prices drop off with Labor Day as the demand for gas falls with the start of school and the end of the driving season. This price drop seems to be a little earlier every year as many schools now start in mid-August. We are currently seeing a large backwardation in gasoline, meaning the price stairs lower through January.

As I write this, we are seeing a spike in pricing from Hurricane Harvey as speculators hedge on refinery closings and possible shortages. This is something we need to keep an eye on throughout the fall time frame. We have been very fortunate the past few years on the severity and lack of gulf hurricanes, but the potential of a large hurricane doing damage to Corpus Christy or Houston refineries is always something that could cause price volatility.

We have been enjoying relatively lower fuel prices for quite some time now. We continue to hear talk of OPEC reducing oil exports to help ‘shore up’ crude pricing, but they have not been achieving their target cuts, and we are continuing to see increased production here in the U.S.

Early September starts the refinery turnaround season—retooling of refineries from producing mostly gasoline with diesel as a byproduct to the other way around—and this can help balance the supply situation and support product pricing due to temporary shortages. A refinery turnaround typically takes three to six weeks. Keeping this in mind, we recommend filling tanks heading into fall fieldwork and harvest.

We will be watching for forward contracting of fuel for next summer as we head into the slower demand period in late November and December.

As always, feel free to call with any questions or concerns at 620-492-2126 or 800-869-0727.

As part of Southwest Kansas Co-op’s commitment to Hurricane Irma’s humanitarian relief, Nathan Spooner refuels utility vehicles to assist with emergency equipment in the Orlando, Fla., area.