

Skyland Grain

Growing with you

Added Storage Will Be Ready Just in Time for Fall Harvest



By Guy Martin
COO
Skyland Grain LLC

When we're running short on storage, you might say that's a good problem to have—because it means you're producing more bushels. That's the case right now for some areas in our Western Region. So we're working full speed ahead on several projects to add speed and storage in time for fall harvest. Here's a quick look at the construction projects that are currently underway:

Syracuse, KS (adding to current location)

- Two 500,000-bushel bunkers
- High-speed ground conveyor

Kendall, KS (adding to current location)

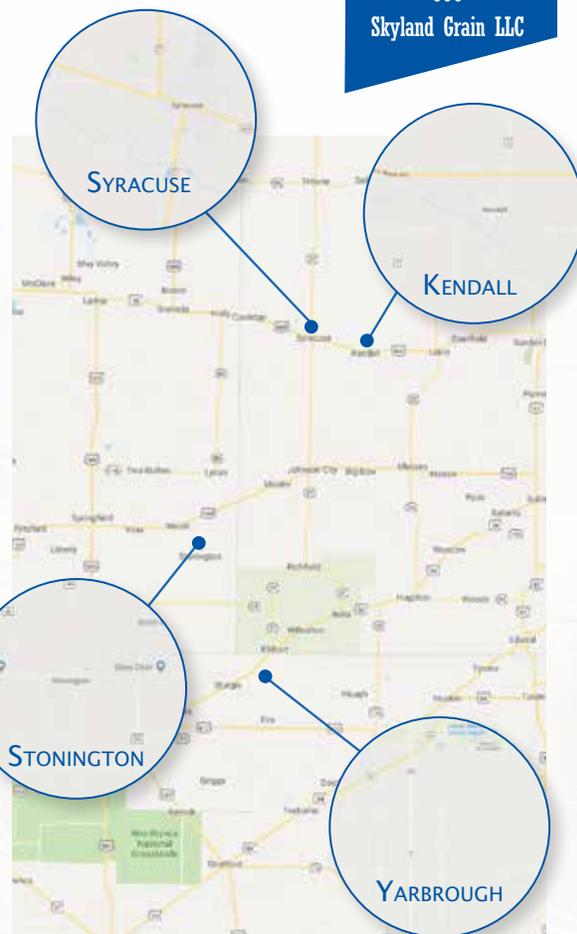
- Two 500,000-bushel bunkers
- High-speed ground conveyor

Yarbrough, OK (new location 6 miles east of Elkhart)

- 1-million-bushel bunker
- Two high-speed conveyers
- Scale
- Probe
- Office

Stonington, CO (new location southeast of Walsh)

- 750,000-bushel bunker
- High-speed ground conveyor
- Scale
- Probe
- Office



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Moving Forward With New Goals

Over the last year, we've accomplished a lot of the goals set by your board of directors. Now that we've reached this plateau, we're excited to move forward with new goals. This includes the new projects in Syracuse, Kendall, Yarbrough and Stonington, Colorado (see story on page 1). As our farmers get bigger and faster, we're working hard to keep up with them.

In our Eastern Region, the new fuel center in Arlington is beating our projections (see details in Paul Sack's article on the back cover). Plus, we're actively working on plans for a project in the Penalosa/Brown

Spur area. Watch for more details about this project that should be ready in time for 2019 wheat harvest.

As always, we appreciate your business and look forward to serving you during the busy fall season. ◦



By **David Cron**
CEO
Skyland Grain LLC

“As our farmers get bigger and faster, we’re working hard to keep up with them.”

—David Cron, CEO



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MAJOR CONSTRUCTION CONTINUES AT DERMOT

Meanwhile, work continues on our brand new facility in Dermot, KS at the intersection of Big Bow Grade (Road 27) and Dermot Road in Morton County. The projected completion date is early November.

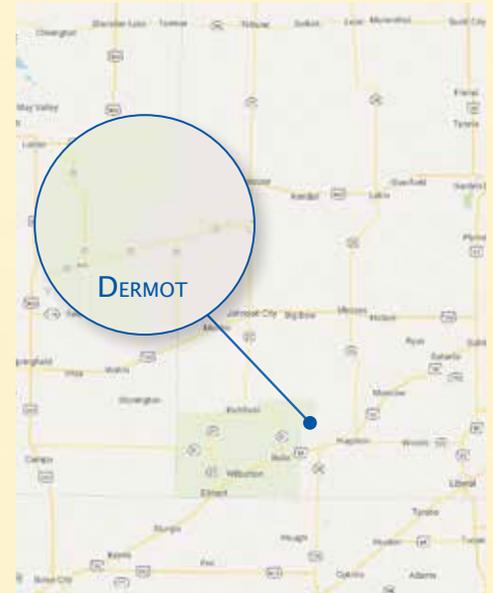
Dermot, KS (new location)

1.2-million-bushel bin
25,000 bushel/hour leg

COMING IN 2019 FOR THE EASTERN REGION

In the midst of all this construction, we're also working on plans for a new facility in the Penalosa/Brown Spur area northeast of Cunningham.

Overall, it's an exciting time as Skyland works to give you the space and speed you need. We look forward to seeing you at these new locations. ◦



We Believe

OUR MISSION STATEMENT
Connecting Our Producers To The World

- 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



Just When We Think We Have Enough Storage ... We Need More

When we went down the merger path, the board thought that Skyland would eventually get to the place where we would have enough storage built. We actually got to that point a couple of times over the past several years—but almost immediately had to add more storage. Now, here we are again with our storage full.

In order to get a better understanding of this ever-growing need for storage, we did some investigation and two key factors came to light:

1. A significant amount of CRP acres have come back into production.
2. Lots of ground has changed hands to the next generation.

The previous generation tended to plant wheat-on-wheat for years. Now, on some of that ground, we're seeing more of a wheat → fallow → row crop rotation. Plus, a good number of next-generation farmers are fertilizing ground that hasn't been fertilized in the past.

When you add all those factors together, that's a lot more bushels coming to town. Knowing that we'll likely continue to need more storage, we're looking at some more sites and locations where we can get farmers in and out quicker, and take some pressure off of existing facilities.

We already have some projects in the works that should be ready for fall harvest (see Guy Martin's article on page 1). Plus, we're looking at some options to add new space in time for next year's wheat harvest.

POSITIVE OUTLOOK FOR SKYLAND

Looking ahead, I'm pretty optimistic for agriculture. Our balance sheet in great shape. We're caught up on equity retirement across all members. We finally got some good moisture. And where we didn't have hail damage, the fall crop looks really good. We look forward to handling your grain this fall and well into the future. •



By Steve Arnold
Johnson Board
President
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grain

Some Positive Signs are on the Horizon

We all know the trade wars are having an impact on prices right now. But the thought is that sooner or later, we'll get those resolved and come out better in the long run. Fortunately, there are a few bright spots in the markets right now.



By Matt Overturf
Grain Manager
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Wheat

We've been waiting quite a while for the wheat market to rally, and we finally saw that in the last month or so. If prices stay like this, I think there will be a lot of wheat acres planted this fall. Looking at the world wheat market, Europe is extremely dry right now. Australia is also battling drought, and their wheat crop is looking poor. At some point in time, the world is probably going to have to come to the U.S. to buy wheat. We're thinking that after the first of the year, there could be some wheat export business. Keep your eyes on it. This could present a good opportunity to consider forward contracting for next summer's crop.



Soybeans

China is our biggest bean customer, and the trade war is definitely having an impact there. They will probably still have to buy some beans from the U.S., but it won't be nearly what they bought in the past. We'll just have to wait and see how that plays out.

Corn

Even though we'll probably have a big crop this fall here in the U.S., the worldwide corn stock continues to drop. We've had a good corn export program, and hopefully that will continue as we go forward.



Milo

Like soybeans, milo got hurt by China's reduction in U.S. imports. We are starting to see some milo business picking up in European countries—especially Spain and Portugal. So that could be another outlet for U.S. milo.

Even with all of these variables, there are always opportunities. Skyland offers a number of risk management tools to help you make wise decisions. Contact me in the Johnson office at 620-492-6210, or Tony Loehr in the Cunningham office at 620-518-2818. ◦

Agronomy

Two Things You Can Do Right Now to Prepare for Wheat Drilling Season

We had a slow start this year because of lack of moisture, but we've definitely seen the pendulum swing the other way. Now, things are looking good as we head into wheat drilling.

Here are a couple of things you can do to make sure everything is in order when you're ready to hit the fields.

- 1. Let us know your fertilizer and chemical needs as soon as possible.** That way, Skyland can have the supplies available when you're ready to start drilling.
- 2. Plan ahead for wheat seed treatments.** Some chemical manufacturers will give you an on-farm seed treater—allowing you to treat the seed as you're filling the drill. Contact us to find out if this special offer is available in your area.

There are also good additives to coat your phosphates to protect them.

We look forward to working with you this fall. Contact your area agronomist or your local service location. ◦



By Justin Ochs
Agronomy Manager
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WESTERN REGION

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CURTIS SCHWEIZER, 620-952-1454
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JUSTIN OCHS, 620-424-7772

EASTERN REGION

KYLE BANKS, 620-546-3447
SAM KINSLER, 620-491-0681

OR CONTACT YOUR LOCAL SERVICE LOCATION FOR ADDITIONAL DETAILS.

DOWNLOAD NEW SKYLAND GRAIN APP BEFORE FALL HARVEST

If you're not already using the Skyland Grain App, now is the perfect time to start. It's a great tool to use during fall harvest. You'll be able to look at scale tickets about 5 minutes after the truck leaves the scales!

The free app also gives you 24/7 access to your account, so you can track contracts, see cash bids, monitor markets, check pre-paid amounts and more. Plus, we're in the process of adding a few more features that should be really helpful.

To download the app for your Android or iPhone, go to the App Store or Google Play Store and search for "Skyland Grain." If you have questions or are experiencing any issues with the app, call the main office at 620-492-6210, and ask for Karina Saenz or Tony Loehr. •





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WATCH FOR MORE INFORMATION ABOUT THESE UPCOMING EVENTS

FARM SAFETY MEETINGS

January 2019

PRODUCER MARKETING MEETINGS

February 2019



It's a Good Time To Take Advantage of Lower Fuel Prices

It probably comes as no surprise that fuel markets are in flux right now. Even so, there are a couple of interesting trends that might affect your fuel decisions.

- **Fewer hurricanes = more supply.**

According to an updated report from the National Oceanic and Atmospheric Administration (NOAA), the 2018 hurricane season is shaping up to be below normal. That's a dramatic contrast from last year when three major hurricanes made landfall in the U.S. (Harvey, Irma and Maria)—disrupting oil supplies from the Gulf.

- **More supply = lower prices.** We're seeing prices come down a little because oil inventories are starting to build across the country.

Because of these factors, we recommend getting your tanks filled up this fall while prices are favorable and fuel is readily available. We'll also be coming around to visit you this fall with contract recommendations for next year.

ARLINGTON FUEL CENTER OFF TO A GREAT START

When we planned the new Cenex® full-line fuel center in Arlington, we set a sales goal for gas and diesel. Currently, we're on track to beat that goal by 50%! We're definitely filling the need for fuel along Highway 61 between Hutchinson and Pratt.

As always, feel free to call with any questions. We're happy to give you our most current thoughts on the ever-changing fuel market. ◦



By Paul Sack
 Southwest Kansas
 Coop Services
 Energy Director
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