

2010 WHEAT HARVEST POLICY

(Same as last year!)

in box:

**“ALL WHEAT WILL BE CONSIDERED “STORED” WHEN DELIVERED!
INSTRUCTIONS TO SELL “ANY” SPECIFIC QUANTITY MUST BE GIVEN TO
RESPONSIBLE PARTIES, DURING OPEN MARKET HOURS ONLY (Weekdays,**

9:30am – 1:15pm) All wheat testing over 13.5% moisture will be “shrunk” back to 13.5% by weight. All wheat testing over 1.0% dockage will be “discounted” on a graduating scale. Posted Cash Wheat Price is for #1 HRWW, 11.0 Protein or higher, lesser grades subject to market scale of discounts. *FREE storage if sold within first 30 days.*

AG FACT: The Oklahoma wheat crop tour concluded in Oklahoma City on May 5, officially estimating Oklahoma’s 2010 wheat production at 141 million bushels.

USDA subsequently released their estimate at 128.7 million bushels. Last years Oklahoma wheat production was 77.5 million bushels, 165 million the year before that.

WHEAT MARKET: The wheat market is facing a bearish fundamental outlook while recently advancing technically due to the influence of hedge funds getting out of their short positions, and adding longs. Current market action does not necessarily accurately reflect actual supply and demand conditions. The amount of investment dollars flowing to the market is a constantly looming unknown factor, which can heavily influence the market at any given time, in either direction, therefore, any price prediction is increasingly risky to make. The wheat market currently does not have much, if anything, to do with wheat! There currently is a “disconnect” between futures prices and cash prices. Expect rapid basis changes.

CASH WHEAT: While the futures market pretty much holds it’s own, the cash market is very weak. There is little, if any, current demand for low protein wheat. This situation requires consistent monitoring for a spark of buying interest. This will require an increase in export sales at the Gulf, as domestic flour millers require closer to 12.0% protein for their milling and baking needs. Recent memory doesn’t recall this kind of market at this time of year, and makes buying wheat a risky affair at this time. The protein value of this crop, which is still in question, will determine its marketability. We ask that you deliver for sale or for storage, only dry, high quality, and dockage-free wheat this harvest. Anything other will have a tough time finding a home!

AG FACT: ALL WHEAT OVER 15.0% MOISTURE WILL BE “REJECTED”!!

Because we will have to carry delivered wheat for an extended period, we cannot accept **high moisture** grain. We prefer all wheat to be delivered when dry.....**13.5% moisture, or less!** Current market conditions have **NO USE** for “wet” or high-moisture wheat!

WHEAT CROP: April rainfall provided the moisture needed for an overall above average wheat crop. Middle of May moisture and mild temperatures are finishing it up. Even the later planted wheat has come on strong and should make close to average in most cases. We could have used another rain the first half of May. A bountiful harvest (above average) is expected providing conditions in May remain favorable. Rust has become more prevalent these last few weeks and will limit potential yield in some cases.

Harvest will begin the last few days of the month of May.

CANOLA: YES, we will have space, and a market for your CANOLA crop this harvest. *Please advise us of your acres so that we may be able to plan for your production.* The crop looks good so far, and production will depend on harvestability. **CANOLA** must be **DRY** at delivery! **You MUST have a contract BEFORE delivery!** There are two marketing alternatives. *Contact us for more details.* **CANOLA must** be delivered **DRY!** We would very much like to handle your **CANOLA** crop this harvest!

ESTIMATING WHEAT YIELDS: To estimate your expected wheat yields, count the number of viable **kernels** in a linear row foot, and divide by 20. (It takes 20 kernels to make one bushel grain per acre.)

AG FACT: Please note that you will **ONLY** be able to sell wheat weekdays, **after 9:30 am**, and **before 1:15 pm**. During open market hours, **ANY** amount of wheat may be sold.

(You may also market your crop “after” 6:00 pm when the after-hours market opens.)

GRADING GRAIN: *By law*, **ALL** grain is required to be “correctly and accurately” weighed and graded as provided by the *Official US Grain Grading Standards*, using established grading techniques, by licensed grain graders. It is **ESSENTIAL**, and to **YOUR BENEFIT**, that your grain be graded **ACCURATELY** and **UNIFORMLY**.

All of our grain graders are licensed by the Oklahoma Dept. of Agriculture. Our staff has been trained according to these standards. Our grain grading goal is accuracy and fairness. There are five (5) numbered grades of Hard Red Winter Wheat. The grain is graded by analyzing several factors, such as: Test Weight, Kernel Damage, Shrunken & Broken Kernels, and Foreign Material. Moisture and Dockage ARE NOT grading factors! All grading equipment and scales are tested, inspected and approved, prior to harvest. Our posted cash wheat price is for #1 Hard Red Winter Wheat. (#1HRWW)

AG FACT: Freight rates continue to rise, and fuel surcharges are increasing as well.

Of course, service continues to be the inverse of rising rates!

EXCESSIVE MOISTURE: ...is **NOT** a grading factor! Actually, there is NO discount for moisture, as the "shrinkage" process simply removes the excess moisture from the weight of the grain. The market does not buy "water"...only dry wheat. Wet wheat causes problems for everyone involved, as spoilage is quick and common. **ALL** wet wheat, testing over 13.5% moisture, will be shrunk back to 13.5% by weight at the rate of 1.2% per 1.0%, per industry standards. **NO wheat over 15% moisture will be accepted!**

Please hold your harvesters out of the field until whole field is ripe, dry and ready to harvest. If you harvest dry wheat, you will have NO moisture problems!

DOCKAGE: Indications are that this harvest will again produce excessively severe dockage. The problems associated with excessive dockage have become increasingly obvious. The market will simply no longer accept a high dockage wheat product without a discount. The discount must be severe enough to encourage dockage control. **CHEAT** and **WILD OATS** have invaded many wheat fields in the county. Some type of control "must" be enacted. Heavily infested fields should be burned, baled, laid out and rotated, **OR** chemically treated to control dockage. Take notes of where your dockage problems are located, and take future action to eradicate the problem, and to increase wheat production and your profitability. Dockage IS: cheat, chess, wild oats, grass, chaff, husks, straw, weeds, dirt, etc. Excessive dockage IS: greater than 1.0%. Testing for dockage is a simple mechanical procedure, with little room for error. Should you question your dockage, please give us the opportunity to review your sample, and to make further determination as to dockage. You are always more than welcome to observe the grading process.

AG FACT: Dockage can be significantly reduced at the combine. Instruct your harvester to set his machines, **to rid the grain of excessive dockage**, to the best of his ability. They CAN do a better job of cleaning dockage out of wheat. Harvesting heavily infested fields **LAST** can also reduce dockage by allowing cheat and wild oat seeds shell out and shatter on the ground before cutting. Expect a delay in unloading on loads exceeding 5.0% dockage, which will have to be binned separately, and priced accordingly. **Anything you can do to reduce dockage...should be done!**

In box-shaded:

After Hours and Emergency Telephone Numbers:

Brent Cassidy.....335-1101
Mike Cassidy.....335-1100
Chase Cassidy.....335-1105
Manuel Chapa.....305-1922
Ronnie Johnson.....305-1078
Hollister Elevator.....335-2106
Manitou Elevator.....397-2191
8th St. Scalehouse.....335-2103

RECORDKEEPING: *Please* notify us of ANY changes in farm ownership, crop shares, or commodity splits. Our records are only as good as the information you provide to us.

We have the capability to keep all of your records by farm number, if desired. Also, please allow a few days **after your harvest completion**, for payment for sold grain. Checks for sold grain are *not written until requested*, and you have verified harvest completion. **Please verify the accuracy of our records by checking against your own, before checks are requested.** This will allow for fewer mistakes, and assures the accuracy of your payment. *Thank you for your cooperation!*

FARMERS OIL CO.: Direct your harvesters to Farmers Oil Co. for competitively priced diesel fuel. We are able to set up temporary credit accounts to accommodate short-term customers, such as your harvesters. We appreciate very much any customer you send to us! (**Last year, at this time, Farm Diesel was priced at \$1.699 per gallon!**)

ALL credit cards are welcome at both locations!

SEEDWHEAT: We have made provisions for hopefully an adequate supply of fall seed. Should you be able to harvest quality seed for your own use, make arrangements now for cleaning your seed wheat for this fall. We can clean, bag, and store your seed immediately after harvest. Note: Also, it is "extremely" important that you specifically *identify each and every load that is for seed*.

AG FACT: The price of wheat can, and will, change considerably within a matter of seconds, up OR down, while the market is "open" (**9:30am –1:15pm**). There is currently a \$.60 per bushel daily limit on wheat. Changes in the "basis" can occur at any time, even when the market is closed.

SAFETY: As wheat harvest approaches and spring fieldwork begins, take time to consider that *"accidents happen when you least expect them."* The rushed pace of the season sometimes leads to unnecessary risk-taking. Farming is a dangerous occupation, especially during harvest time...**THINK SAFETY!** Instruct and train your farm employees in safety precautions and procedures necessary to ensure a safe, profitable season.

WHEAT HARVEST: Please be reminded that wheat harvest can be a rushed, and trying time for all involved. It continually seems that we are ALL overworked and underpaid. Please also remember that sometimes, when dealing with other people under tough and stressful conditions, mistakes are made, and unpleasant situations can occur, **BUT**, can easily be resolved with a *minimum amount of effort* on both parts. Please allow us to correct any mistake, or make an effort to mend any sort of problem that might arise during this time. ***We are here to serve YOU!*** We wish for you a safe and bountiful wheat harvest.

NEW PROBE: We have installed a new "off-scale" grain probe in Frederick which will allow us to sample grain "off the scales" freeing those scales for outbound trucks, and a quicker turn-around. Contact with scalehouse will be via cell phone (580-335-2103) or cb radio communication. Check with elevator for harvest unloading procedure. We have also installed scale extensions which will eliminate "split-weighing" at Frederick and at Hollister. Our additional leg and storage capacity in Frederick should speed up the unloading process significantly.

COMBINING: If you are farming NO-TILL, please **INSIST** that your harvester cut your wheat in the longest direction in the way that the field runs. You can then plant and spray in the same direction as

your field is harvested. This will help to reduce unnecessary roughness in the field. *If you need a harvester, we have a list of several combiners looking for wheat to cut!*

RECORDKEEPING: It is **ESSENTIAL** that all grain is turned in under the appropriate and applicable account, especially so this crop year. **We ask that you provide us with a list of each of your accounts**, including fields and landlords, and crop shares, (and farm numbers, if you wish) that you will be delivering this harvest. Please make an extra effort to instruct your harvester as to the correct field names. This will make harvest run much smoother, and enable us to serve you better by providing "correct" and timely information on bushels delivered and priced. Thank you!

As of May 20, 2010:

Cash Wheat Price.....\$ 3.79/bu.

Cash Corn Price..... 3.11/bu.

Cash Milo Price..... 5.20/cwt.

Cash Canola Price..... 14.20/cwt.

Unleaded Gasoline.....\$ 2.639/gal.

Road Diesel (Taxed)..... 2.889/gal.

Farm Diesel (No-Tax)..... 2.489/gal.

Thank you! We appreciate your business.....very much!

Have a Safe, Prosperous Wheat Harvest!

www.cassidygrain.com