

Midwest Farmowner

News & Information from Soy Capital Ag Services

Soy Capital Delivers Strength, Safety and Soundness

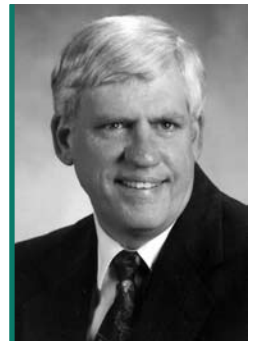
Given current economic times, investors are looking for safety for investments and financial soundness from the businesses they work with on a regular basis.

“Soy Capital Ag Services is an operating division of a community bank. We want to remind clients that while the general banking industry is undergoing a huge amount of financial stress, Soy Capital Bank & Trust Co. continues to be strong, safe, and sound,” says Don McCabe, president, Soy Capital Ag Services based in Kankakee.

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McCabe says the Bank’s total assets have increased about 10 percent over a year ago, while many banks have seen assets decline. Soy Capital income has grown by a similar amount. The Bank’s current capital-to-asset ratio is over 12 percent, which is more than 30 percent better than the average of similar banks throughout the nation. The capital position is about 50 percent better than the average of large money-center and regional financial institutions at the core of current financial problems.

“While many banks are struggling with losses that threaten their existence, Soy Capital’s profits continue to grow steadily in proportion to asset and business growth. The Bank has no exposure to sub-prime mortgages, exotic derivatives, or the other risky investments that have gotten so many businesses into trouble,” says McCabe. “The Soy Capital organization is carefully growing, not cutting back. It is diversified in different communities and in a variety of business lines, including its ag services businesses.”



Don McCabe

While agriculture is not immune from global economic stress, McCabe notes that agriculture continues to be one of the best performing sectors in the economy. Worldwide demand for agriculture products has slowed. But longer term prospects for demand, balanced with expected production, is very positive for the industry.

“Farmland owners are invested in a solid, safe asset,” he says. “Soy Capital Ag Services is pleased to serve farmowner clients in a strong and stable agricultural industry backed by a financially strong, safe, and sound Soy Capital Bank & Trust Company.” **MF**

International Farm Management Conference Comes to Illinois



The International Farm Management Conference will be held in Bloomington Ill., July 19-24, 2009. The “Food, Fiber and Energy for the Future” meeting brings global industry leaders together to share the latest in technology, policy and activities. Soy Capital Ag Services farm managers will participate in the event, and client farms are featured on the tours. More information can be found at the Illinois Society of Professional Farm Managers and Rural Appraisers site, www.ispfmra.org/calendar.html. **MF**

Inside: Soy Capital Farm Management Spans Several Generations

Soy Capital

Higher Premiums Offer Specialty Crop Production Opportunity

Input prices are not the only thing that has risen for the 2009 season. The higher commodity prices during 2008 that drove seed, chemical and fertilizer prices up also have helped push the premiums available for specialty crop production higher as well.

“Higher premiums were needed to secure enough acres of production for different value-added programs this year,” says Dan Patten, farm manager in the Soy Capital Ag Services Bloomington office. “We are pursuing these opportunities where possible as premiums earned can generate additional revenue in a struggling price environment.”

Central Illinois continues to offer a market for value-added soybean production. Patten says non-GMO, low linolenic soybeans, and soybeans raised for seed are earning premiums for growers in the area. The highest soybean premiums are more than \$2.00 per bushel. Higher expenses can also be expected. Patten says non-GMO soybeans typically require an additional \$40 to \$50 in herbicide costs per acre.



Value-added crops offer higher premiums and can generate additional revenue, but also require additional management to fulfill contracts.

Courtesy of Syngenta

“Even with higher costs, a premium of \$2.00 per bushel with 50 bushel per acre soybeans can yield a net gain of \$50 per acre more than traditional production,” he says.

Greater management time and skill can accompany specialty production. Weed control may require analysis of the non-GMO environment, since many operators have become accustomed to the ease and effectiveness of Roundup Ready crops. Patten says extra care is likely needed to ensure purity of the contracted crop, which can

include cleaning out planters, combines, augers, trucks and wagons in the spring and the fall. Some specialty contracts additionally require on-farm storage until the delivery period.

“Each contract needs to be evaluated to ensure potential gains more than offset any additional expense or risk,” Patten advises. “It is important to know yield potential of any varieties chosen, as well as availability of seed. Contracts may also offer such advantages as seed available at a reduced cost or a better market basis.”

Contact your local Soy Capital Ag Services farm manager if you have questions about value-added production contracts in your area. **MF**

Bloomington Office Adds Seasoned Farm Specialist

John Croft has joined Soy Capital Ag Service’s farm management staff in the Bloomington office. Croft will be responsible for agronomic research plots, in addition to helping clients with farm management, sales and purchases.

Croft was previously the University of Illinois Extension director in Tazewell County, and has prior experience in the retail crop input business. He owns a farm in Ogle County, where he is helping two young farmers get started in the business.

Croft graduated from the University of Illinois with an agricultural education degree having emphases in agronomy and agricultural economics. He taught high school agriculture for six years following graduation. Croft also holds a master’s degree from the University of Illinois and an MBA from Olivet Nazarene University.

To discuss your farm’s opportunities with Croft, call him at 309-665-0059. **MF**



John Croft

Management in Central Illinois Spans Three Generations

Excellent service and sound farm management are reasons Hayne Ellis' family has worked with Soy Capital Ag Services and its predecessors for more than 30 years.

"They have assisted my family for three generations," confirms Hayne Ellis, current landowner and past trust officer with one of the former flagship banks in Peoria, Ill. "Even though two of my farms have been in the family since the 1800s, I will be the first to admit that I am a city boy. I need help with the day-to-day farm management."

Steve Burrow, Soy Capital farm manager in Peoria, has worked with the Ellis family since he started in his present position 31 years ago. "One of Hayne's farms was my first account. My first time out to visit farms included his farm," he says.

Hayne Ellis appreciates Burrow's years of knowledge. "He has a degree in agriculture from the University of Illinois and belongs to a Midwest farming family. He understands the local conditions and is up to date on the rapidly changing choices it takes to maximize a farm's returns as an investment," says Ellis. "Frankly, I wouldn't know where to start in evaluating a government program or seed selection for next year's crop."

Burrow has managed a second farm for Ellis since 1989. In addition to cropland, the second farm includes 24 acres of timber, which was placed in a Forestry Management Plan through the Illinois

Department of Natural Resources. The plan helps to maintain and improve the productivity of the timber asset.

"We also enrolled the farm in the Conservation Security Program (CSP) that was offered in 2006 to farms located in the Upper Sangamon River watershed. The CSP program encourages good farm stewardship practices for cropland, as well as development for wildlife habitat through incentive payments," says Burrow.

A third farm was purchased for Ellis in 2001. "We undertook an extensive tile project on that for Hayne that dramatically improved the productivity of the farm," he says. "That purchase was followed by another in late 2004 of property that contains irrigation and includes seed corn production in its cropping rotation. The timing of these farm purchases has proved to be quite good in hindsight, as farmland values have experienced double-digit increases in value since."

"Steve was a great help when I bought additional farmground," adds Ellis. "He located the farms and evaluated the investments based on soil types, comparative sales, history of the farm's operators and offering price. When a change of farm operator was necessary, Steve did the background checks and interviews. He knows local conditions so the contract between landlord and operator is fair to both parties. I truly appreciate the outstanding service Steve and his associates have provided to me over the years." **MF**

Soy Capital Monitors 2009 Spring Fertilizer Situation

Dramatically higher prices kept many farmers from purchasing fertilizer last fall and a later-than-normal harvest prevented many farmers and suppliers from making the typical amount of fall applications. The end result is a pre-season supply and demand situation that bears monitoring on a farm-by-farm basis.

Dan Patten, farm manager in Soy Capital's Bloomington office, says higher prices have created two potential problems; the amount of product to be applied this spring is higher, and that could affect application logistics if the weather is unfavorable.

"Many tons of fertilizer need to be moved in a short amount of time, and the fertilizer industry has a limited capacity to move product," he says. "Secondly, the reduction in fertilizer demand due to higher prices encouraged a decrease in fertilizer production. We

Fertilizer Prices Skyrocket

Fertilizer prices took dramatic jumps in a short period of time from November 2006 to November 2008. The table shows prices for the most-used products in Central Illinois.

	82-0-0 Fall Anhydrous	18-46-0 DAP	0-0-60 Potash
2006	\$415/ton	\$324/ton	\$250/ton
2007	\$535	\$505	\$300
2008	\$1,115	\$1,100	\$950

may see a shortage in coming years leading to higher prices long term."

According to the University of Illinois Agronomy Handbook, a 200-bushel per acre corn crop in Central Illinois required \$144 per acre in replacement phosphorus and potassium in the fall of 2008. A 60-bushel soybean yield needed \$122 per acre. Nitrogen for 2009 corn applied as fall anhydrous cost \$85 per acre, depending on the use rate.

"The good news for now at some locations is that DAP (di-ammonium phosphate) has come down nearly 40 percent. Anhydrous is down approximately 30 percent and Potash is about 10 percent lower. It varies by dealer," says Patten. "Reductions are made possible through those retailers who didn't purchase excess 'expensive' fertilizer last fall, and were able to purchase cheaper fertilizer over the winter and offer it at a reduced rate." **MF**

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**Midwest
Farmer**