

DEARWESTER GRAIN
SERVICES, INC.

Quarterly Newsletter



DGS Digest

Summer Edition

- Mineral Consumption: It Matters!
- Safety Moment: Hot Weather
- Grain Contracts available at Dearwester Grain and Nutrition Services
- CFAP Information Guide

Mineral Consumption: It Matters!

by [Adele Harty](#), SDSU Extension Cow/Calf Field Specialist; Feedlot Magazine

Cattle mineral nutrition is complex and often confusing, but one strategy to help ranchers better evaluate their mineral program is to monitor mineral consumption. This goes back to the old adage, "You can't manage what you don't measure."

Mineral supplement tags provide the recommended daily intake based on specific product formulations. Recommended intakes can vary widely depending on the brand and type of product, with the most common being 1 to 4 oz. per day for loose minerals. Producers should always read the mineral tag to know how much the cattle should be consuming and to help determine if their herd is actually consuming that recommended intake. There are a variety of ways to accomplish this.

Calculating Mineral Consumption

For the big picture, calculate pounds of mineral fed during the year. Multiply total pounds fed during the year by 16 to calculate the total ounces delivered. Divide ounces by 365 days. Finally, divide ounces delivered per day by the number of head in the herd to determine average mineral intake per head per day.

Example:

- $6,000 \text{ lbs of mineral per year} \times 16 \text{ oz per lb} = 96,000 \text{ oz}$
- $96,000 \text{ oz} \div 365 \text{ days} = 263 \text{ oz per day}$
- $263 \text{ oz per day} \div 100 \text{ head} = 2.63 \text{ oz per head per day}$

Another way to monitor consumption is to keep a record of mineral delivery. Record the quantity of mineral delivered each time and how many days that quantity lasts. Monitoring this closely will help identify times when grass quality changes, which can influence changes in mineral consumption. For instance, cattle will consume mineral differently when grass is lush and growing rapidly compared to when it is dormant. The calculation is the same as outlined above, but the number of days changes based on frequency of delivery.

Example:

- $150 \text{ lbs} \times 16 \text{ oz per lb} = 2,400 \text{ oz}$
- $2,400 \text{ oz} \div 7 \text{ days} = 343 \text{ oz per day}$
- $343 \text{ oz per day} \div 100 \text{ head} = 3.43 \text{ oz per head per day}$

Once consumption is calculated, management strategies can be implemented to overcome consumption issues. Forage and water samples can provide valuable information in assessing whether or not the mineral supplement complements the available forage and water to meet cattle nutrient requirements. [This video](#) provides guidance for collecting forage samples for mineral analysis, which can then be sent to a [feed and water testing laboratory](#) for mineral analysis. Lab results will help identify deficiencies, toxicities, and interactions to ensure the mineral supplement is providing the appropriate level of nutrients for the situation. Various factors can influence mineral consumption including age and experience of the animal, type and placement of mineral feeders, composition of mineral supplement, and changing forage quality and availability.

Management Strategies for Over-Consumption

Over-consumption of mineral in the short-term is not of great concern. Consider whether or not cattle have had access to mineral in the recent past. If mineral was not available for a period of time, cattle may over-consume for a short period of time to make up for nutrient deficiencies. If over-consumption continues for more than a week, other factors are likely involved. Depending on forage and water quality, the mineral supplement may not be meeting nutritional needs or cattle could be consuming it for the carrier, typically a protein-type product – over-consumption can also occur if forage protein is deficient. This has been observed in tame grass pastures in late summer in western South Dakota. Other management practices for over-consumption include moving mineral feeders further away from water sources, adding salt to reduce intake, changing mineral supplement products, or moving cattle to a fresh pasture.

Management Strategies for Under-Consumption

If consumption is less than desired and the supplement complements forage and water; dried molasses, dry distiller's grain or soybean meal can increase palatability of the mineral. Inclusion rate of the feed may require some trial and error to find the optimum level of inclusion that results in targeted consumption. A starting point would be to add 1 part feed to 5 parts mineral. This would be approximately 10 lbs per 50 lb bag of mineral. If cattle over-consume the mineral due to the addition of feed, cut the added feed in half the next time you deliver mineral. Continue this process until the desired consumption is reached. Don't forget to account for that added feed when calculating mineral consumption. For example, if the recommended intake is 4 oz per head per day of mineral, but 10 lbs of feed is added, the intake needs to increase to 4.8 oz per head per day. If consumption does not reach the desired level, consider changing minerals.

Taking time to monitor mineral consumption is an easy task that can help guide management decisions. Ensuring cattle are consuming mineral at the appropriate level is key to proper mineral nutrition and overall cattle health and performance.

Dearwester Grain Services carries a full line of mineral products:

[CLICK HERE](#) to see our Dearwester Brand Mineral line.

DGS Safety Moment- Hot Weather

by **Nicolas Dearwester**, Director of Safety, Dearwester Grain Services, Inc.-Golden, IL

Summer is officially here but mother nature has already been blessing us with warmer temperatures and higher humidity. While the crops are enjoying this warmth (and those of us who enjoy the warm rays of summer), it is important to remember that heat related illness is a serious matter to those who work outdoors.

Keep yourself and your crew safe by following these few guidelines:

1. **Stay Hydrated.** Drink plenty of fluids; 16 ounces before starting work, and 5 to 7 ounces every 15 to 20 minutes.
2. **Avoid dehydrating liquids.** Coffee, tea, alcohol, and caffeinated soft drinks hinder yourself to keep hydrated.
3. **Wear protective clothing.** Lightweight, light-colored and loose fitting clothing helps protect against heat. Change clothes if they become completely saturated.
4. **Pace yourself.** Slow down and work at an even pace. Know your limits and ability to work safely in the heat.
5. **Schedule frequent breaks.** Take time for rest periods and water breaks in shaded or air conditioned areas.
6. **Use a damp rag.** Wipe your face or put it around your neck.
7. **Avoid getting sunburn.** Use sunscreen and wear a hat if working in the sun.
8. **Be alert for signs of heat-related illness.** Know what to look for and check on your crew that might be at risk.
9. **Avoid direct sun.** Find shade or block out the sun if possible.
10. **Eat smaller meals.** Eat fruits high in fiber and natural juice. Avoid high protein foods.

Have a safe and blessed summer!

Grain Contracts Available at Dearwester Grain Services.

<u>Traditional Contracts</u>	<u>Active Contracts</u>	<u>Pricing Program</u>
Cash/Spot	HTA	Average Price Contract
Forward Contract	Basis	
Delayed Price	Minimum Price Contract	
Storage	Min/Max Price Contract	

Traditional Contracts

Traditional Contracts are our most basic and straight forward contracts that we offer. While these are considered basic, they are just as effective with the right strategy to fit your farm operation.

Cash/Spot

Description: This type of contract establishes a destination for delivery and cash price for immediate payment (within 24 hours).

Advantages: No obligation to deliver grain at a future date and allows the grower to receive payment as soon as they need it.

Disadvantages: Seller is subject to market volatility that day and the risk of the market price going up.

Forward Contract

Description: Seller secures a cash price for a future delivery period to a specified destination.

Advantages: Establishes a cash price at the time the contract is made, eliminating price risk.

Disadvantages: Prices may improve over contracted price.

Delayed Price/Storage

Description: Allows the customer to deliver grain, but have an opportunity to price at a later date

Advantages: Allows for movement of grain when you may be limited on farm storage and still able to participate in cash price movement.

Disadvantages: Cash price may decline. There is typically a fee associated to store bushels at a flat rate and/or per month until priced.

Active Contracts

Active Contracts help you diversify your marketing strategies by participating in the futures market, local basis market, as well as options trading if you choose.

Hedge-To-Arrive (HTA)

Description: An HTA offers you the choice to lock in the Futures price off of the CBOT for a specified quantity of bushels to be delivered at a later date. Basis must be set before delivery. You might choose to do an HTA if you feel the Futures market will start to decline and the basis is unfavorable.

Advantages: Customers can lock in a favorable futures price while waiting for the basis to improve.

Disadvantages: Grain can not be delivered until the basis is set, the futures may improve, the basis may widen, typically there is a fee.

Example: On July 7th, the grower anticipates the DEC Futures market is nearing its highs and knows the level he would be selling at would be profitable, but the basis is still wide for December delivery, posted at a -17. The grower decides to do an HTA contract to lock in the DEC futures for 5,000 bushels at a set Futures price of \$3.50 and wait to set the basis, anticipating the basis will get narrower for a better contract price.

On August 29th, the basis has improved 7 cents from the initial contract date, making the basis for December delivery a -10. The grower decides to now lock in his basis against his HTA, giving him a cash contract for 5,000 of December delivery corn at \$3.40.

$$\text{\$3.50 Futures} + \text{-10 Basis} = \text{\$3.40 Cash}$$

Basis

Description: A basis contract offers you the opportunity to lock in an attractive basis that determines your delivery period and destination point, while waiting until a later date to set the futures. You might choose to do a basis contract if you feel the Futures market might improve, but don't want to chance losing a good basis level.

Advantages: Can take advantage of a favorable basis, receive a cash advance on delivered bushels (up to 70% of market value), deliver before setting the futures in order to wait for upward movement in the futures market.

Disadvantages: Basis levels could improve, Futures prices could decline.

Example: On March 12th, the grower notices a significant basis improvement for June delivery against the July Futures, but believes the Futures market may have a rally in the next couple of months. Currently the July Futures are trading at \$8.70. With a +5 basis, the cash price would have been \$8.75, which is not profitable, but the grower doesn't want to lose the good basis level. The grower decides to do a basis contract for 2500 bushel of beans for June delivery against the July futures by locking in a +5 basis, but waiting to set the July Futures in hopes that the Futures will improve for a better contract price.

On June 1st, the grower decides to go ahead and deliver the grain, but waits to set the Futures until after the WASDE report is released.

On June 13, the July Futures have rallied to \$9.05, a profitable level and the decision is made to set Futures to the basis contract, giving this grower a cash price of \$9.10.

$$\$9.05 \text{ Futures} + .05 \text{ Basis} = \$9.10 \text{ Cash}$$

Minimum Price -OR- Min/Max Price

Description: Allows the customer to lock in a minimum cash price for grain, while providing the opportunity to take advantage of a price rally against the designated Futures option

Advantages: With the Min Price you have unlimited upside potential. With the Min/Max, the fee is cheaper than doing a Min Price, but it also limits your upside potential you could earn. You also receive payment upon delivery against the cash contract. Good alternative to putting bushels on storage/DP.

Disadvantages: The premium paid to buy an option call could be lost due to lower futures prices.

Example: A grower is delivering corn into the local elevator. The grower is needing some cash flow to pay some bills, but wants to take advantage of a price rally, in case one would occur.

The grower makes a cash contract for 5000 bushel of October delivery corn at \$3.25 and decides to buy a \$3.40 optional call against the May Futures for \$.21 cents. By doing a Minimum Price Contract, the grower can get paid for 5,000 bushels upon delivery at \$3.25- .21 option fee= \$3.04 and still be in the market in case the May Futures rally.

On March 22nd, the May Futures have rallied to \$4.05, with the volatility and the time value left in the \$3.40 May option call, it is now worth 62 cents. The grower decides to execute this transaction, leaving him with a cash price of \$3.66 on his initial October delivery contract.

$$\$3.04 \text{ Oct contract} + \$.62 \text{ Option Call Value} = \$3.66$$

Pricing Program Contracts

Pricing Program Contracts utilize seasonal historic data to sell a set amount of new crop bushels during the average seasonal highs.

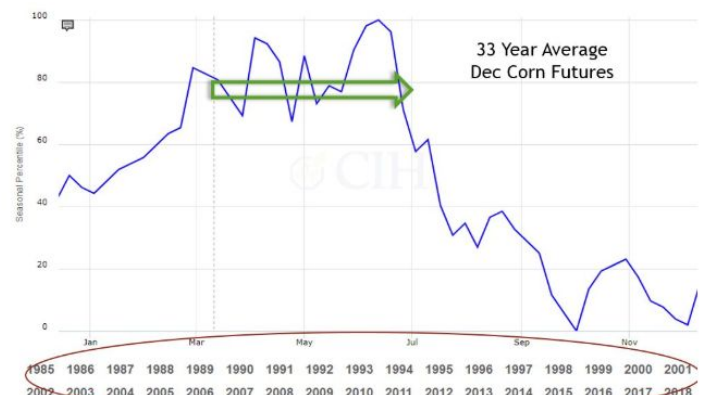
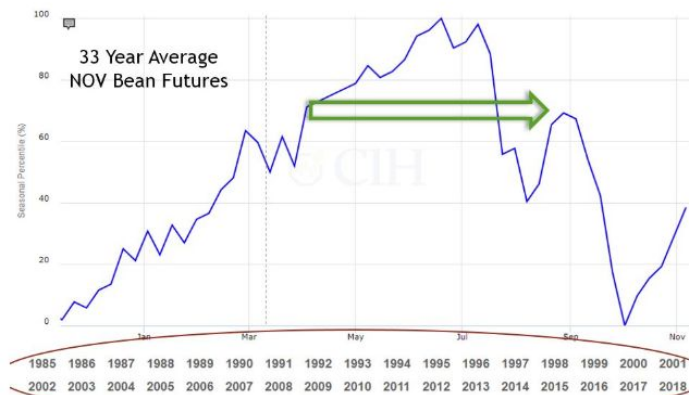
Average Price Contract Program

Description: The APC gives you the opportunity to take advantage of capturing the best average Futures price during the respective seasonal pricing window for a set amount of bushels against the respective Futures month. You can set your own basis or choose to have your basis averaged over the same pricing window at a predetermined agreed upon delivery month.

Advantages: Establishes a Futures price over a historically “price friendly” pricing period, takes the emotion, stress and worry out of marketing, the ability to roll contracts to a different Futures month and set your own basis

Disadvantages: Prices may improve after the APC has been established, a fee is figured into the final Futures price.

The arrow in each graph indicates the time frame we run our Average Price Contract program for each commodity. By the graphs you can see the obvious reasons we run these at a certain time prior to harvest delivery.



[CLICK HERE](#) to view more historical data on our Average Price Contract program for new crop bushels booked through Dearwester Grain Services.

Contact your grain merchandiser today to find the right fit for your grain operation!

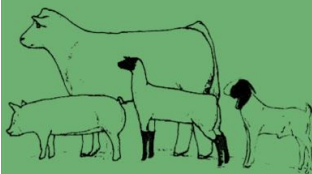
CFAP Registration: May 26-August 28, 2020

Payments to qualifying producers will be made in two segments: 80% of their max total payment when approved, the other 20% at a later date as funds remain available

All questions should be directed to your local FSA office

USDA Announces Coronavirus Food Assistance Program

"America's farming community is facing an unprecedented situation as our nation tackles the coronavirus. President Trump has authorized USDA to ensure our patriotic farmers, ranchers, and producers are supported and we are moving quickly to open applications to get payments out the door and into the pockets of farmers."



- 1 - Livestock eligible for CFAP include cattle, lambs, yearlings and hogs
- 2 - CARES Payment calculated based on the sum of the producer's number of livestock sold between Jan 15-Apr 15, multiplied by the payment rates per head.
- 3 - CCC Payment on the highest inventory number of livestock between Apr 16-May 14, multiplied by the payment rate per head.

*This flier is a basic summary breakdown of the CFAP payments to be made to producers. This flier reflects the major aspects of the Dearwester Grain Services customer base. There are additional payments being made towards dairy, wool, fruits & vegetables as well as other non-specialty crops. For more information please call the FSA office or visit

<https://www.farmers.gov/cfap>

Eligible Livestock	Payment per head	
	CARES	CCC
Feeder Cattle <600 lbs	\$102	\$33
Feeder Cattle >600 lbs	\$139	\$33
Slaughter Fed Cattle	\$214	\$33
Slaughter Mature Cattle	\$92	\$33
All Other Cattle	\$102	\$33
Pigs: <120 lbs	\$28	\$17
Hogs: >120 lbs	\$18	\$17
All sheep less than 2 yrs old	\$33	\$7



Commodity	Payment per bushel	
	CARES	CCC
CORN	\$0.32	\$0.35
SOYBEANS	\$0.45	\$0.50
WHEAT	\$0.18	\$0.20



- 1 - Producers will be paid based on inventory subject to price risk of bushels held as of Jan 15
- 2 - Payment will be made based on 50% of a producer's 2019 total production or the 2019 inventory as of Jan 15, 2020 (whichever is smaller) multiplied by the applicable payment rates.

Payment rates cited from:
<https://www.farmers.gov/cfap>

Click on the Links below for more detailed information:

[Livestock CFAP Info](#)

[Grain CFAP Info](#)

PRODUCER OF THE WEEK!

Send us your nominations **NOW!**

How to enter:

1. Answer the 3 questions below
2. Send us a picture



Submissions can be sent through DGS Facebook Messenger or emailed to dearwestergrainservices@gmail.com

1. Tell us about the person you are nominating, community involvement, family, etc..

2. Tell us about the producers operation, how long they have been in business and the history of the farm

3. Tell us why you feel they deserve to be recognized

