



Nebraska Corn Processing, LLC™

Summer 2011

# Cliff's Notes

By Cliff Meeuwsen

Well, we could plant rice! Wet, wet, and more wet. Nationally, this spring has been "Hurry up and plant, then wait while it rains for two days." The timing of this kind of weather is bad. We really need a good crop this year, and this late planting could potentially reduce the yield of the U.S. crop. In the past year, we have had at least 5 different crop failures around the world. With the Russian wheat crop loss, followed by the bad Chinese corn crop, the Australian wheat crop failures, last year's U.S. short crop and several others, the world is just short grain, period!

The high price of grain in the U.S. is blamed by some on the fact that the grain is used to produce ethanol. In total, ethanol production uses approximately 5 billion bu of corn. However, the equivalent of 1.8 billion bu is recovered in the production of distillers grains which go into the feed industry, leaving us with a net use of 3.2 billion bu of corn. When looking at the total percentage of corn

use in ethanol, that's about 24% of the U.S. 13.5 billion bu crop. When you take into account the distillers grain value to the feed industry (higher protein), relative corn usage in the livestock ration is actually reduced. When this is accounted for, the amount of corn used is lowered to the 20% range of the U.S. corn production. Ethanol plants also produce other products that go into the food & feed industry, such as corn oil, which also serves to lower the effective amount of corn that is used in the production of ethanol.

The demand for ethanol around the world continues to grow; Brazil is up to approximately 50-60% ethanol use in its vehicles, and Europe continues to be short on ethanol for its vehicles. Both countries are currently importing ethanol from the U.S. We could look at the bright side for the feed & food industry: The ethanol industry could be in another country. If this were the case, these countries would end up importing our corn anyway and the distillers grains would end up in another country, leaving us with even less corn in the U.S.

Another issue we face is the weak U.S. dollar. It's no secret the Obama Administration has spent over \$2 trillion in the past two years, which is money only the printing press can raise. Thus we lowered the value of our currency, making our grain cheaper for other countries to buy. We have created a large demand for

our grain in the world marketplace, which led to large exports, lowering our supply and raising our prices. Looking at the facts, there are many reasons we have high grain prices: A series of bad crops, worldwide use of grain to produce energy, and a weak U.S. dollar that is keeping our grain prices below the world market, therefore stimulating exports!

As we have stated before, we need a number of good crops. Brazil and Argentina have had good crops, and now it is the U.S. that needs them. By the way, the ethanol industry is exporting ethanol to Brazil and Europe for \$2.60, while we are buying gasoline from foreign countries and paying \$4.00+ for it at the pump! See anything wrong with that?!

Life at NCP continues to be busy. We have several projects going on at this time. As always, we hope these projects will serve our customers with better service and better products. These include numerous efficiency projects and new scrubber technology. Our NCP family continues to strive for better customer service and better products that serve your family well. We appreciate the opportunity to serve you and will continue to try to earn that opportunity everyday!

**THANK YOU VERY MUCH. BE CAREFUL OUT THERE!**

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# Tradition

*Establishing tradition is wrapped into everything we at NCP do. From selling wet cake, buying corn, and providing freight services, the employees of NCP strive to provide superior customer service and quality products that will endure for generations to come.*

## Processing Plant Update

By Eric Meeuwsen

The nice spring/summer weather we have been having has allowed the fieldwork to progress nicely around the area. Our spring shutdown was the week of March 28th and a lot of work was completed here at NCP to help improve the operational efficiency of the plant. We continue to look at every avenue to make the plant and our customer service the best it can be. One way we plan to improve customer service is through the addition of a second belt truck which will be arriving in the late June time frame. This will allow for greater customer service on both wet cake and corn hauling.

As the summer progresses, we will focus on how to handle the harvest rush to the best of our abilities. Last winter's addition of the new bin should help keep the trucks moving at harvest time and provide better receiving flexibility here at NCP.

Should you have any Corn or Wet Cake needs arise, please give Keith or Shannon a call. They will be more than happy to assist you in any way possible.

## Wet Cake Update

By Shannon Caudill

Corn supplies are tight and basis levels are on the rise, which is causing the inclusion of wet distillers to increase in the rations. Grass is out and cattle numbers, like usual, are lower this time of year which is allowing prices as a percentage of corn to drift to the lower end of the range. Raising the inclusion rates of this product is a good way to

stretch out corn supplies this time of the year when corn is hard to find and very expensive.

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*The NCP Agrisource is published quarterly by NCP for customers and employees of NCP.*

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*All questions or suggestions for future articles should be directed to NCP's marketing department.*



[www.nebraskacornprocessing.com](http://www.nebraskacornprocessing.com)

## Corn Update

By Keith Brooks

What a difference a few rain storms can make. Since our last newsletter, a lot of the changes we indicated could happen indeed took place, and as a result the uncertainty seems overwhelming at times. In this area, we went from wondering if we had enough moisture to germinate a crop to having so much rain we were wondering if we would get everything planted in time. With the rains we experienced in many areas this spring, planting delays were encountered across the country while prices rallied. This gave growers another opportunity to lock in substantial profits on their old crop corn and secure prices on new crop at well over \$6.00/bu off the combine.

At the same time, there were other areas that received no rain. Even though the crops were planted on time, these areas faced the risk of burning up. Basis for old crop began to strengthen as the pressure of being tight on bushels was felt across the nation. Even with the carryout being increased by 65 million bu, we are still tight on corn. That tightness, coupled with the planting delays, floods and other problems across the country, only adds to the fact that old crop bushels will be in high demand. All the while, new crop bushels that can be harvested and dried in September will be worth significantly more than

bushels harvested in October/November. We still have a long way to go until harvest, and a lot of things can occur that could potentially change the entire situation.

The volatility that we have seen over the last few months is going to continue. As I am writing this article, the market is nearly \$0.90 higher than it was 5 days ago. There is no disputing the fact that we need a bumper crop this year. Each time there is game changing news, be it on the weather, carryout, exports or so on, the board is going to act like a yo-yo moving up and down. The possibility exists for there to be a lot of up and down movement that could occur very quickly. Again, this is where we would like to stress to all of you to know where you are willing to sell corn and have your target orders in and working. We cannot guarantee that the market won't go higher. And on days when the market is rapidly moving up and down, it may be challenging to fill your target order in a timely manner if it is not already in. Whether on old crop or new crop, these orders are a useful tool, and you can put them in at any level. There is no expense to you to have them in. One thing is for certain: It is going to be very interesting to see how things progress over the summer as it looks like it could be a roller coaster ride of ups and downs.

We would like to thank all of you for helping us make NCP into the success it has become. Without the help of our customers, none of the progress over the last year and a half would be possible. We applaud you for continuing to do an outstanding job with your operations and welcome the opportunity to help you with that. Please let us know how we may be of assistance.

You can find information about news, bids, etc. on our website at [www.nebraskacornprocessing.com](http://www.nebraskacornprocessing.com). If you need help with bids, please feel free to contact me at the plant by calling 308-697-3954 or on my cell phone at 308-340-1208. Good luck in the upcoming months and we look forward to hearing from all of you.

### Contact

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Corn Merchandising

Service

Tradition  
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**Market Sensitive Reports**

**June 9  
USDA Crop Production**

**July 4  
CBOT closed**

**July 12  
USDA Crop Production**

**August 11  
USDA Crop Production**

Thank you for giving Nebraska Corn Processing, LLC  
the opportunity to serve you!

If you have any questions, comments, or suggestions  
as to how we could better serve you, never hesitate  
to call or e-mail us.

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