



# **AgVentures NW, LLC**

Managing: Odessa Union Warehouse Cooperative  
Reardan Grain Growers, Inc.

Winter 2008

AGVENTURES' NEWSLETTER

## **Bits and Pieces**

*Combined thoughts of the Odessa Union Warehouse and Reardan Grain Growers boards*

We thought it would be appropriate at this time to address the State of our Union.

It has been over 30 months since Odessa Union and Reardan Grain Growers joined forces. An agreement between RGG and OUW was worked out to create a company that would manage the two cooperatives and any other companies that might, in the future, fit into this structure. In a nutshell, the respective warehouses co-hired Keith Bailey as manager, formed a managing company, AgVentures NW, LLC, and then filed one warehouse license between the two companies.

It is a continuing work in progress, but has worked well to achieve economy of scale and efficiency of labor, while allowing each company to retain its autonomy. Part of the success is a result of common goals and objectives for both companies. A key to positive results is that everyone works very well together, directors and employees alike.

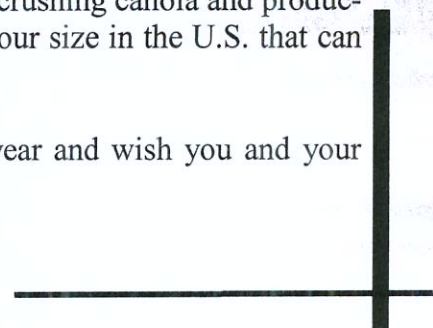
Our goal to become more efficient, spread work load, and utilize employees and other resources have been realized through:

- Sharing equipment
- Sharing employees
- Selling and moving grain
- Sharing a single computer and bookkeeping system

We know that there is room for improvement and that our management and staff are ready for the challenge. Customer service is a priority and we take special pride in always doing our very best for you.

The construction and business development of Inland Empire Oilseeds, LLC has been in process for three years and we are now producing biodiesel. IEO was formed in March, 2006, with Odessa Union Warehouse, Reardan Grain Growers, and 4 other partners as current owners. We now have our "liquid gold", Canola Methyl Ester (biodiesel), flowing from our refinery. A bid has been accepted and we plan to be crushing canola and producing our own oil by next spring. We will be the only plant of our size in the U.S. that can crush canola and refine canola oil at the same plant.

We look forward to continuing to serve you in the coming year and wish you and your family a Happy Holiday Season!



## Market News

by Byron Behne, Merchandiser/Broker

It's certainly been quite a year for the grain markets as we've seen prices go from \$15 per bushel for soft white wheat back in the spring to just over \$4 recently. World wheat production rebounded from last year's short supply in a big way and now everyone's got more than enough wheat to meet their needs. All the things that we had going for us last year have pretty much reversed themselves this year. Australian wheat production rebounded after two years of drought with current production estimates at just fewer than 20 million metric tons; last year's was 13 million. On top of higher wheat supplies, the current world economic situation has really cut the value out of most commodities. The value of the dollar has been rallying versus other currencies, making our grain more expensive relative to other origins, which is also hurting our export potential. As we look forward to the spring, prices will probably have a tough time increasing to any great degree unless good quality milling wheat supplies tighten up significantly. While the world's wheat crop was large this year there were also some areas that received a significant rainfall during harvest time which reduced the quality of the crop in Eastern Europe and Australia. With the drop in prices, world wheat acreage figures to drop slightly next year while demand should remain high so we'll need another year of world-wide record production to keep supplies from running short like they did last year.

## Odessa Union Centennial

by Don Timm, President OUW Board

As this year comes to a close, we hope everyone has a joyful and blessed holiday season. This next year is a very exciting year for Odessa Union Warehouse. We will be celebrating our 100 Year Anniversary at our Annual Meeting in June. If you have any old photos, records, or other memorabilia, please drop it by one of the Odessa Union offices.

We have modernized our seed plants at Harrington and Odessa. Please order your seed as soon as possible so we can make sure to have enough for your spring planting needs.

We thank you for your continued patronage and look forward to serving you in the coming year.

## Feed & Specialties

by Bryan Bezdicek, Branch Manager/Merchandiser

Barley prices this year, as all commodity prices, have gone the opposite of last year and have us back to levels of many years ago. The financial markets have kept away any buyers as money was tight when the markets first took their initial hit in October. Exports off the PNW coast for barley are all but non-existent. Even going back to harvest, the exports were slow. Competition from the rest of the world has been fierce and at substantially lower levels than what the U.S. could offer. The Japanese have been in for two SBS tenders and bought the first go round from the Canadians back in September. They just recently bought Australian barley for the second. Our market took a \$20.00 hit when this business was lost each time. There has been nothing from Saudi Arabia or the Moroccan governments to date as they have procured their supply of barley elsewhere. The Japanese should be back into the market sometime in February. Maybe the U.S. can and will be more competitive at that time at the levels that we are currently pricing barley. We continue to hear from the Japanese that they really like the quality and color of our barley, especially our PNW production. Any export business should help support the price for at least an effort to go up. Domestic feed use is all we have right now, and that is very slow. Feeders have other commodities such as corn and feed wheat that are priced at similar levels. We currently have 48% of our barley left to market, but keep in mind the total production here was down from last year and has been on a downward trend for at least the last five years or so. Keep an eye on the financial markets and let's hope it gets fixed very soon. Then maybe all the commodities will have a chance to get back to decent numbers before next harvest is upon us.

