



GATEWAY NEWS

December 2023 / January 2024

Manager's Report



By Carl Tebbe

Gateway FS held its 33rd annual meeting on November 3, 2023 in Red Bud. Our annual meeting is held as a business meeting format, then in February/March of each year we hold our customer appreciation dinners at various locations.

One of the items on the agenda was the election of directors. This year, consistent with prior years, ballots were mailed to shareholders to vote for directors as nominated by the nominating committee or vote for write-in candidates. Re-elected to a 3 year term are: Dennis Neuhaus of Hoyleton, Jack McCormick of Ellis Grove, Don Schrader of Waterloo and Mike Chwaszczinski from Ashley.

Also at the annual meeting the fiscal year financial information was presented. First and foremost thank you for supporting Gateway FS this past year. With your support we finished the fiscal year 2023 with very good results.

Total sales dollars increased to \$734 million from \$719 million the prior year, an increase of \$15 million. Consolidated net income was \$26.3 million a decrease of \$2.5 million from last year's record year. All departmental units, except our grain division performed well during the year.

Our grain division finished the year with a positive income, but down considerably from last year. The

fall of '22 low river levels, record high barge freights and higher river operating costs presented limited opportunities for our grain merchandising team. We kept barges "under the spout" all fall regardless of the market economics in order to keep our customers in the field harvesting.

Inflation and a tight job market continue to create stress in the Ag industry. National inflation started the fiscal year at 8% and receded to 5% by the end of July. We employed several H2A workers this year to help alleviate the shortage of qualified workers. The first year of this program has been very successful. The employees originate from South Africa and have adapted very well to our industry. Absent significant changes in current Department of Labor regulations, we hope to have the same group of workers back for 2024.

In March of 2023, Gateway FS sold the Waterloo Fast Stop convenience store to Moto. The Waterloo location was the only full service convenience store we owned. We couldn't generate the synergies needed to compete with the major chains with one store. All of the Fast Stop employees were retained by Moto and successfully transitioned to Moto.

During the year the Board of Directors approved redeeming 2 years of prior year patronage stock totaling over \$2,360,000. Our oldest outstanding stock was issued 2013, or 10 years in arrears.

During the year we added over \$17 million in purchases of long term assets. Generally these assets include new facilities, sprayers, spreaders and delivery trucks. This year we also added a state of the art Ag Chem building and warehouse in Breese.

Also included in the fixed asset additions is a new 1.5 million gallon UAN tank, ATS tank and a 24/7 loading shed in Waterloo. This project was substantially complete by July 2023 and placed into service in September 2023.

The Board of Directors approved paying patronage to members as 75% paid in cash and 25% in stock. Total patronage to be paid is \$8.1 million, down from last year's 8.9 million. Patronage is being paid in all of our operating units this year. Based on the earnings of Gateway FS, the Board of Directors

approved paying patronage as shown in the table below:

As a cooperative, Gateway distributes a portion of the profits back to patrons in the form of patronage. As a patron, to be eligible for patronage, you must be a member of a county Farm Bureau and do business with Gateway FS during the fiscal year. The patronage statements and checks were mailed to patrons the first week of November.

I would like to thank the employees of Gateway FS for their tireless efforts this past year. Every good orga-

nization is made of excellent employees, Gateway FS is certainly fortunate and proud to have these people in the company.

Last but not least, Thanks to our customers who make Gateway FS a successful cooperative. I am confident, with your continued support, Gateway FS will be a successful company for many, many years to come.

Enjoy this issue of the Gateway News and here's wishing you the best for the Christmas Holiday season from all the employees at Gateway FS.

2023 Patronage Rates

Gasoline	\$.10 Gallon	Dry Plant Food	\$35.00 Ton
Diesel Fuels	\$.15 Gallon	(Blend Plant Tons)	
Lube Oils	\$.50 Gallon	NH3	\$ 40.00 Ton
LP Gas	\$.06 Gallon	UAN Solution	\$ 25.00 Ton
Feed -Supplements	2.50% Dollars	Ag Chemicals	6.323% Dollars
Feed- Completes	.75% Dollars	Seed Corn	\$ 15.00 Bag
Grain Bins & Equip	2.00% Dollars	Seed Beans	\$ 3.50 Bag
Grain - Wheat	\$.01 Bushel	Seed Wheat	\$ 0.50 Bag



GATEWAY FS, INC.

MANAGEMENT STAFF:

General Manager..... Carl Tebbe
 Contoller..... Brian Perez
 Operations & Structures Manager..... Greg Birchler
 Credit Manager/AgriFinance Specialist..... Craig Yoch
 Agronomy Dept. Manager..... Ryan Gonzalez
 Energy Marketing Manager..... Brad Maschhoff
 Feed Department Manager..... Jack Davis
 Grain Department Manager..... Adam Parker

LOCATIONS:

Baldwin - Keith Hamilton, Manager.....785-2200
 Evansville - Nick Morietta, Manager.....853-2211
 Chalfin Bridge Facility - Derek Hoffmann, Manager.....458-6588
 Kemper's Landing - Nick Maddox, Manager.....458-6466
 Prairie du Rocher - Dylan Bievenue, Manager.....284-7200
 Percy - Shane Moen, Manager.....497-2135
 Red Bud Elevator - Connie Muench, Manager.....282-2646
 Red Bud Structures - Greg Birchler, Manager.....282-3454
 Paint Service - Brian Garleb.....282-3454
 Nashville Elevator - Peter Pannier, Manager.....327-8218
 Nashville Warehouse - Eric Block, Manager.....327-8816
 Oakdale Elevator - Craig Ratermann, Manager.....329-5311
 Venedy Elevator - Alex Eade, Manager.....824-6358
 Breese Warehouse - Matt Strieker, Manager.....526-4539
 Ferrin Elevator - Kent Hemker, Manager.....226-3275
 Woodlawn Warehouse - Jim Michael, Manager.....735-2010
 Waltonville Elevator - Ken Shubert, Manager.....279-7251
 Belle Rive Warehouse - Craig Simmons, Manager.....756-2482
 St. Mary's, MO LP Sales - Dave Baker, Salesman...618-612-7394
 Warnock NH3 Plant - Tim Keller, Manager.....281-4396
 Waterloo Elevator - Berry Keller, Manager.....939-6151
 Waterloo Fertilizer Plant - Tim Keller, Manager.....939-8237
 McBride Facility - Mark Roth, Manager.....573-547-2561
 Ste. Genevieve Facility - Jake Gettinger, Manager....573-883-3552
RED BUD OFFICE.....282-4000
NASHVILLE OFFICE.....327-3046

Grain Remarks

By Adam Parker

With corn & soybean harvest wrapping up across the country, the focus now turns to grain markets and what it's going to take to open those bin doors up this winter. Unfortunately, this time of year provides a lot of uncertainty as the market tries to figure out the size of the U.S. crop that was just harvested along with the prospects of South American weather as they enter their growing season.

The soybean market has been fueled by adverse weather in Brazil as the southern half of the country has been dealing with excessive rain, which has caused flooding while the northern half is experiencing drought conditions. Despite it being early in their growing season, the market is trying to account for potential yield losses if weather conditions continue.

On November 9th, the USDA released their monthly supply & demand report which proved to be negative to the grain markets

as the USDA increased yield estimates on corn and soybeans. Corn yield was increased from 173.0 to 174.9 while soybeans were raised from 49.6 to 49.9. Both increases caught the market off guard as many analysts thought the USDA would leave yield estimates unchanged this month. Corn carryout is currently projected at 2.156 billion bushels while soybean carryout still remains tight at 245 million.

The next USDA report will be released on December 8th, however, they will not update yields in that report. The market's main focus will continue to be on South American weather over the next couple of months along with Chinese demand.

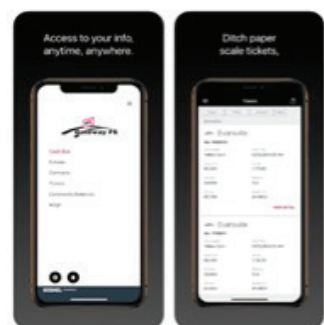
Stay up to date with your grain account information as well as the markets by downloading the Gateway FS app! You can also check out our weekly grain market webcasts by visiting www.gatewayfs.com. Feel free to call Michael Biethman, Phil Saale, or myself at the Red



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Bud office @ 618-282-4000 with any pricing offers or for any market information you may be looking for. We appreciate your business and look forward to serving you in the future!

Energy News

By Brad Maschhoff
Energy Dept. Manager
Gateway FS Inc.

The oil market has seen a significant decline in the past couple of months. In last September's article oil had been trading at about \$90 a barrel. As of today, oil is trading at just around \$75. A few contributing factors are the typical coming out of harvest and decrease in demand, China demand has also decreased along with oil inventories sitting at 16-month highs. OPEC

is having a meeting on November 30th. At the meeting they will decide whether to leave current production cuts or possibly increase them given the current price of oil. If they decide to increase the cuts this could lead to some strength in the market coming into the new year. A decision to leave the current cuts will likely lead to little market movement. Just another factor is the current situation in Israel as well as what could come from any new or potential conflicts sur-

rounding Taiwan and China.

Propane prices remain the one constant in the energy markets. With little or no movement in the past couple of months. Only had some movement as oil prices spiked with the war in Israel. Propane stocks remain at record levels for this time of the year. Mother nature has been very kind to us with a very warm fall, but this can change very quickly and if that happens it could lead to some strength in the propane market. But I would anticipate some seasonal strength either way as we move into winter.

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Selecting Bt Traits for Next Season

- *With the number of Bt corn hybrids available in the market, it can be confusing to decide which product best fits one's needs.*

- *Insect resistance to Bt traits is a serious concern, especially for pests like corn rootworm, corn earworm, fall armyworm and western bean cutworm.*

- *Bt traits that were once deemed efficacious against a particular pest may over time demonstrate reduced field performance.*

- *Understanding the activity and differences between Bt hybrids can help us manage target corn pests more effectively.*

With the number of Bt corn hybrids commercially available, it can be confusing to decide which product best fits one's needs. The field history, along with reported control failures and evidence of insect resistance or cross-resistance to insecticidal traits, are all important factors in deciding which hybrid to plant. Texas A&M University regularly publishes a very useful "Handy Bt trait table" listing the various trait packages available along with target pests, resistance findings, new product information, refuge requirement etc. The 2023 version is available at <https://www.texasinsects.org/bt-corn->

[trait-table.html](#).

Bt traits are used to control a wide spectrum of common corn pests. Target species include aboveground Lepidoptera pests such as western bean cutworm, European corn borer, corn earworm, fall armyworm, etc., as well as soil or belowground insects like corn rootworms and black cutworms. Generally speaking, trait packages containing Cry1's, Cry2's and Vip proteins target Lepidoptera pests, while Cry3's proteins target corn rootworm larvae. More specifically Cry1Ab's target is European corn borer, while Cry2Ab2 was initially targeted against tobacco budworm, corn earworm, fall armyworm and other important pests of cotton. Cry1F provides good control of corn borers, fall armyworms, black cutworms and suppression of corn earworms. About a decade ago, Cry1F was considered efficacious against western bean cutworm (WBC) but after numerous failure reports this protein is no longer considered an option to manage WBC. Currently Vip3A is the only Bt toxin providing control of WBC and it is the most consistently effective protein against corn earworm.

Insect resistance to Bt proteins is a serious concern, especially in pests like corn rootworm, corn earworm,



fall armyworm and western bean cutworm (where found). Corn rootworm is an important economic pest of corn in the Midwestern states. Bt corn hybrids used to control corn rootworms have been available for over a decade, but performance issues were reported just a few years after their first commercial launch. Likewise, recent experiments conducted on Bt sweet corn have documented decreased susceptibility of corn earworm to multiple Cry proteins providing evidence of field evolved resistance of this pest.

Resistance management strategies have been developed to help lengthen the effi-

cacy of Bt traits. Some of the most important ones include the refuge requirement and rotation of Bt proteins. Initially, Bt corn hybrids had one Bt trait and a refuge requirement (non-Bt corn) of 20%. Since then, research has allowed to develop hybrids containing multiple insecticidal traits and the refuge requirement is different for different hybrids and target pests (5-20%) and it can be structured (block or strips) or integrated (in bag). The adoption of integrated refuges or "refuge in a bag" has greatly reduced issues with compliance requirements. Most hybrids are now refuge in a bag. In continuous corn

situations, rotation of Bt proteins is key to managing insect resistance. Rotating Bt traits can be a confusing process. This is where the "2020 Handy Bt trait table" can be useful. Using hybrids with multiple proteins (pyramids) can slow down resistance development as insects are less likely to develop resistance to two toxins at once versus a single toxin. However be aware that if the target pest has developed resistance to one of the traits in the pyramid, the utility of the pyramid is reduced.

For more information on Bt hybrids available in your area contact your local FS crop specialist.



CONQUER HARVEST



Bleem Profile: Troubleshooting and Customer Support



As we have been taking the time here at FS Construction Services to highlight some of our outstanding team members, it has provided us with a great opportunity to take a look at the services we offer and understand better how positioned we are to respond to the needs, questions, and problems of our clients and customers.

Customer Support is the Core of What We Do

This has been especially apparent in discussing our Service and Sales Support specialist Nathan Bleem. Since Nathan walks with our clients through every step of the process, he is often at the receiving end of lots of questions, and therefore has to provide lots of answers.

Any major project is going to have its fair share of required troubleshooting, but the kind of support Nathan provides happens throughout the process and not just after something has been constructed. Often our clients present a logistical problem before the build and Nathan has to figure out the solution.

For instance, when a client wants to increase the height of their existing grain bin, the job isn't just a matter of figuring out where to add rings to increase

the height, but it's also figuring out which manufacturer's components will work with what is already in place. Figuring that out first prevents problems down the road.

Similarly, clients often present us with a variety of storage, handling, drying, construction, and pricing questions. Our job is to find the right solution to these before anything is built, which means making a decision based on acreage, expected yields, drying needs, and more.

While it's a lot of conversation up front, it saves future headaches and gives our clients a better understanding of cost and timing. Thanks to Nathan's incredible knowledge and understanding of the process, we are able to provide this service in partnership with our clients, making for a smoother, better process all around.

If you have a project in mind that you would like to discuss, or if you are in need of grain systems, buildings, seed systems, or more, please let Gateway FS Construction Services know. Give us a call at 866-551-3454, and let our specialists help you find exactly what you are looking for. We look forward to providing you the best customer service experience.



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