

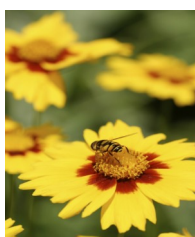


# Pistorius News

Pistorius Farms, LLP

## Keeping In Touch...

Hello! We hope that this edition of the *Pistorius News* finds each of you in good health and getting excited about warm weather. It has been a long cold winter, and the current 60 degree days in Central Illinois are starting to get us excited about playing in the dirt! Before field activities start we wanted to give you an update of a few things that have been going on around the farm. This newsletter will give you an update on the farm economy, current projects, and Pete's trip to Brazil.



## Don't Believe The Buzz?...

So we are starting our newsletter out right in line with every other headline that you see on the TV, newspaper, and on the internet. This report, however might have a little different spin. Contrary to media outlets, we are excited and optimistic about the future of the US economy. That's right; we even put it in writing. For some it might be very difficult to be excited and optimistic when in just one month we will be getting our quarterly investment reports in the mail again, another reminder of all that has been lost in the last 8 months. I am not making light of anyone who has lost money in 401K's, IRA's, mutual funds or any other investments. We all have. My heart goes out to anyone who is worried about job loss or paying the next bill. We, too, share each of these concerns. What we are excited and optimistic about is the future of agriculture.



If you are a current land owner, you are seeing the value of the asset you have. The dip in the land market as a result of the failing economy has been minimal to that of any other investment. In the summer of 2008, we saw what many people considered "farming on steroids." We developed a grain market that was driven by demand, resulting in corn and soybean prices soaring higher than ever. This fueled land values. People started to realize again that this farming thing was kind of important. I have heard several different numbers as to how much land value appreciated from 2006-2008, but on average we have seen 17%-20% growth per year on farm ground over the last 3-4 years. Since last summer, I assume you all know what has happened to our economy. We have each seen our little nest eggs drastically dwindle. I think that most would agree that farmland values did slow from a investment standpoint, but the decline was nowhere near than that of Standard and Poor. We have seen land perhaps pull back 10%, but high quality farms in Central Illinois are still holding very strong value.

Do we think that agriculture is recession proof? Absolutely not; however, we do believe that world population continues to grow, developing countries are learning the benefits of improved diets, and homegrown fuels seem to appeal to the public, and we are still seeing shrinking land base. Our economy's foundation began with agriculture, and regardless of the media buzz, we are excited and optimistic about our future and hope you are also!

## Current Projects...

As temperatures begin to increase and the calendar inches its way to April, the excitement of a new season fills the air. It won't be long before the planters start rolling and a new crop is in the ground. In the meantime, preparations for planting are in full swing. In the next couple of weeks, we will be finalizing equipment preparations and making sure that each piece of equipment is in the best condition to go to the field. Preventative maintenance is required to insure that when we go to the field we can be timely and efficient. The beginning of a good crop starts with the tillage and fertilizer done in the spring and fall, but does not compare to the importance of timely planting, seedbed preparation, seed spacing, and seed placement. Each of these things can rob a plant of huge yields regardless of the weather conditions throughout the summer. Currently, we are working on tile repair and cleaning up brush along tree lines.



**Tim repairing tile**

During last year's wet spring, the underground drainages systems were put to the test. In places with existing clay tile it seems every year there is need for repair work. We have put new plastic tile down to repair old, and put new tile in where we had water problems in 2008. Addressing these water issues now can pay big rewards if we should encounter another wet year.

In addition to drainage issues, we have been working on cleaning up brush along property lines. Each year the trees seem to push themselves out farther and farther and every now and then require a little "clean up." Fortunately, we have the equipment to do the work ourselves and can often get the job done for little expense. We will begin spraying pre-plant chemicals within a week or two and then begin seedbed preparation followed by planting. Spring is finally here!

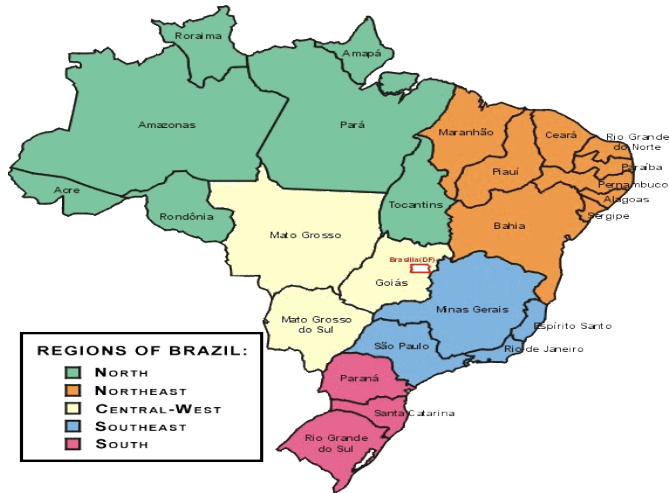


**Tree line clean-up project**

## A Little Trip Down South...

This winter, I (Pete) was fortunate enough to get the opportunity to spend 8 days in Brazil on an educational trip with the Illinois Soybean Association. The purpose of the trip was to exchange ideas and information about agriculture in both Brazil and the United States. There were 8 U.S. farmers on the trip. Brazil is currently the second leading producer of soybeans behind the United States. We spent most of our time in the rural areas of the state of Mato Grosso, which has a land area about 1 1/2 the size of Texas and accounts for 30% of the total soybean production in Brazil. While in Mato Grosso, we had the opportunity to visit a biodiesel plant, attend a field day, visit both a small family farm and a very large corporate farm, see a farm implement dealership, as well as meet with farmer leaders and ag representatives throughout the state. Although several miles away, farmers in Brazil are dealing with many of the same issues as central Illinois farmers. Both struggle with rising input costs in comparison to commodity prices, and try to live with the hand that mother nature deals out.

## A Little Trip Down South (Cont.)...



**36 combines waiting to cut beans** come would be infrastructure. In many cases, transportation costs to get soybeans to an ocean vessel are close to \$4.00/bushel. The state government has very little control over the land resulting in very little funding for roads and bridges. In most cases, today's farmland was little more than brushwood and vegetation 25 years ago. Along with lack of infrastructure, there is very little credit available for the farmers. The lack of confidence in the banking system creates credit issues for the farmers. The land is cheap and plentiful, yet the farmers can't get the money to plant a crop or pay for labor, machinery, seed. As a result of this, often-times farmers rely on the buyers of their grains to help with capital issues. It is very common for farmers to barter bags of soybeans for sacks of fertilizer or chemicals. Just as in the US, grain buyers such as ADM, Bunge, and Cargill are very prevalent. I am grateful for the opportunity to visit Brazil and hope to take everything I learned there and use it to make our central Illinois farming operation better.

To my surprise, our operation has very similar soybean production cost to the Brazilian farmer. However, our land is much more expensive; yet the trade-off is the extra expense of machinery and labor for the Brazilian farmer. Land is still very inexpensive in Brazil. The large corporate farm that we visited consisted of 190,000 hectares, or roughly 470,000 acres. On this farm he raised cattle, corn, soybeans, cotton, and grapes. The operation had a school for the workers' children, a biodiesel plant, a grape juice bottling plant, and an employee housing sector in town. The majority of their soybeans were hauled to a port, loaded on a barge, and shipped directly to Europe. As we traveled on two lane roads throughout the state it was amazing to see the agriculture potential of Mato Grosso. It was very obvious that a huge hurdle for the State to over-



## [www.Pistoriusfarms.com](http://www.Pistoriusfarms.com)

We hope you have had time to check out our website. We also welcome feedback from you, so please feel free to call or email any of us with questions, concerns, or comments. We would love to hear from you!

## Final Thoughts...

As this edition of the *Pistorius News* comes to a close, we hope that our newsletter has been informative for you. We truly believe that regardless “buzz” that you see on TV, internet or newspaper, the future of agriculture is a bright one. The land that we farm is a tremendous asset and has been a great investment for our family and many of yours. We believe that this will be even more true in the future. Have a safe spring!!!



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