



**“Agriculture is the most healthful,
most useful and most noble
employment of man.”**

-George Washington

August Newsletter

Manager Report - Clark Wenger, President

We are quickly approaching fall harvest so we felt this would be a good time to get a newsletter out to our customers. The Ottawa Coop purchased ownership of AgMark LLC effective May 15, 2017. We are currently 3 months into the transition to AgMark's management of the grain accounting, merchandising and logistics. The Ottawa Coop continues to operate all locations as part of this investment. AgMark specializes in the grain industry and they now work for the Ottawa Coop. There is a new section in this newsletter from Mark Hafliger, CEO of AgMark LLC in regards to a grain update.

During the middle of June we started on two ground bunkers for the upcoming harvest, one in Burlingame and the other at LeLoup. Unfortunately, we have run into a permitting delay with the LeLoup bunker and are currently working to resolve this issue. This delay will deter the bunker at LeLoup from being operational at the start of Corn Harvest. The Burlingame bunker will be operational for fall harvest which will add 600,000 bushels of additional storage space.



This year has yielded a record level of fertilizer tons sold. A substantial amount of these tons sold can be attributed to the increased adoption of Variable Rate Application of fertilizer. We will be adding another variable rate applicator to our fleet for next season. Similarly, we have seen increases in the amount of acres signed up for in our crop scouting service. Brian Green heads the crop scouting division and is certified to use our drone as part of this service. Give Brian a call if you have any interest in discussing this service for your farm.

The Coop's annual meeting is scheduled for December 14, 2017. It will be held back in Ottawa at the newly renovated Bottle House. More information to come in the near future as we quickly approach year end. Lindsey does a great job of keeping our Facebook page updated with current events at the Coop. It's not necessary to have your own Facebook page to view – just visit www.ottawacoop.com and click on the symbol

to access our Facebook page: 

Thank you for your continued business!

Operations Report- Ken Rumford, Operations Manager

If you have visited our locations in the past year you will have noticed the skyline has changed. We have been investing substantial time and money into our existing facilities to make them more efficient and useful for the patron.

In the spring of 2017 we completed construction of a new vehicle shed at the crop production in Ottawa. This will house applicator rigs and fertilizer tendering equipment. This will give us space at the current facility to store additional chemicals.

With added acres of application, the Ottawa Coop has invested in an additional VRT machine for applying dry fertilizer, this will give us three applicators of this kind in the company. Variable rate application is becoming more popular each year. With Brian Green's scouting team, they can pull soil and tissue samples that will help us determine exactly what the plant needs to be able to perform at the highest level.

Over the last couple years, the government agencies have been implementing strategic guidelines toward the safety and well-being pertaining to Anhydrous Ammonia. We have taken this very serious and acted accordingly. In order to comply, we have removed our existing tanks from our present Burlingame site and installed larger tanks at our South Burlingame location. We have increased our storage capacity from 59,000 gallons to 86,000 gallons. This facility will have dual loading stations, enabling us to load 4 tanks at one time, hopefully you will be able to see and feel the difference in turn times.



With our grain facilities getting older by the day, we constantly have to make repairs and renovations to assure very little downtime when harvest starts. When we make repairs and new additions, we try to increase speed as much as possible, but with the older grain houses there is not a lot we can do to speed them up. When they were built in the 50's, pickups and 1-2-ton trucks were the norm. Now we are asking the same elevators to accommodate semi's that can weigh in excess of 80,000 lbs. to function like new elevators. When the lines get long and farmers get frustrated, just remember that our trucks have changed with the times, but our elevators are still 1950 models. A little patient's will go a long way to getting through another large harvest.

Grain Report- Mark Haflinger, AgMark LLC President

2017 continues to be a dynamic year in terms of commodity marketing. Coming off of record production last year, the U.S. continues to wade through stocks as we prepare for the upcoming fall harvest while wheat, corn and soybeans all compete to occupy available storage space. With a carryout on corn of 2.3 billion bushels this year and a current forecast for ending stocks at 2.3 billion again for the upcoming marketing year, the market has become comfortable with U.S. stocks. In addition, a record South American harvest is complicating the world stocks picture even further. After major production issues last year, Brazil has seen solid production and resurfaced as a key supplier in the world corn market. With production concerns last year, Brazilian corn prices rallied in an effort to ration demand, however reports suggest that Brazilian prices have dropped 45% in 2017, making Brazilian corn competitive with the U.S. **Current outstanding new crop corn export sales are at 53% of last year due to the increased competition from South America.** In addition, reports continue to suggest that Brazilian storage capacity is full, putting more pressure on the South American country to export corn. This will shift the supply discussions to a demand discussion as the export market becomes more flat price sensitive to the United States' competitiveness with other export competition. The value of the dollar in comparison to other currencies will continue to be a key factor. In addition, futures rallies that aren't fundamentally driven can lead to front end basis weakness in an effort by the market to remain flat price competitive and encourage surplus supplies to get tucked away rather than being immediately available to the market. Quite simply, the market's function is to balance supply and demand...and use price mechanisms and space or storage incentives to do so.

Many of the same factors that are currently impacting corn are also impacting soybeans. The soybean carryout for 2016-2017 at 410 million bushels is higher than we have seen for some time and while world demand for soybeans continues to grow, the market seems comfortable at current price ranges if we can maintain that level of ending stocks going into the 2017-2018 year. Look for the market to continue to watch the weather closely over the next 30 days as it works to define the production side of the balance sheet. After that, the focus has to be on demand. **New crop soybean sales are currently 40% behind last year's pace for this time of year.** Once again, we are seeing the competitive pressure coming from South American as an increase in production and price competitiveness has made them a solid soybean exporter this year. As a result, the market looks for South America to remain competitive as we get into the September through November timeframe.



As the U.S. prepares for the fall harvest, and assuming no major production issues, without an aggressive front the export program, **look for potential continued basis weakness as crops are forced solely into the domestic channels.** Space and storage will continue to be at a premium as the market works to balance the available supply with nearby limited consumptive demand. AgMark is aggressively selling old crop and expected new crop supplies to be in position to handle your 2017 harvest needs in this year's dynamic market environment.

Field Advantage Report - Brian Green, Crop Scout

As we approach harvest time the crop outlook for a majority of our territory is really showing some promising results. The corn had a rougher start, early saturated conditions caused some population issues and weed control was tougher. However, we have caught some timely rains that have sky rocketed the corn into producing some potentially bumper yields this year. No doubt the hot, dry and humid conditions from these last few weeks have stressed this corn, but we have been able to catch a couple million-dollar rains to reduce the chance of kernel abortion or ear tip back. The corn earworm has been showing up in large populations again this year, as well as increased stink bug (I'm seeing plenty of leaves with egg casings on them), which leads me to highly suggest we get out in our soybean fields and begin scouting for insects right now. Soybeans will be approaching the R3 (begin pod development) growth stage around the 1-2nd



weeks of August and this is the critical time to apply long residual insecticides and fungicides to protect our investments. Last year hit us hard with a big Pod worm run, we need to be proactive and not wait until we see damage. Highly consider taking action at the R3 growth stage to keep the yield potential high! With the way these soybeans are looking currently, there is no reason to believe, as of right now; we won't experience ending yields such as last year. Let's hope that Mother Nature enables us to finish this season strong!

Agronomy Report - Bob Nutt, Crop Production Manager

It is hard to believe that fall harvest will be among us within just a few weeks. Now is a good time to start planning for that grid or soil sampling on those fields that need fertilizer application for the next year. As stated earlier we will have a 3rd VRT Machine in the mix to service your needs this year as this area continues to grow. I would encourage everyone to look at fall spraying and a reminder that fall prepay is just around the corner. As always, the Coop continues to put ourselves in position to offer you a variety of quality products at a competitive price. Thanks for your business!