



“Agriculture... It’s more than a part of life. It’s a passion, a lifestyle, a resilient community that works hard to feed the world”-

-Ryan Goodman

July 2018 Newsletter

Manager Report - Clark Wenger, President

It’s been another busy year at the Ottawa Co-op and fall harvest is right around the corner. Writing this at the first of June a lot of our customers are finishing up with soybean planting and the corn is looking good at this point. The preliminary information appears to point towards another shift from corn to soybeans in our trade territory for this year. We experienced a very drastic shift in some parts of the area last year.

It’s been another successful agronomy run this fall and with the additional equipment and personnel we were able to cover more ground. We are currently working on expanding our fertilizer capacities for next year especially due to the struggles being experienced in the transportation landscape with adoption of ELD (Electronic logging device mandate for hours of service regulations). There have been quite a few new faces added not only to our agronomy department but across the entire company. We have been experiencing 2-3 retirements of long-term employees the last few years and this will continue for a few more years to come.

With the state of the economy it has been no surprise that collections on accounts receivable have been more difficult this year. We have had to explore some more aggressive means of collection this year and I’m happy to report that these tactics have yielded successful results. It appears that every week there is word of a new consolidation taking place either at the company level or producer level or somewhere in between. With the current state of the economy I don’t see this slowing down anytime soon. Surviving in this landscape requires flexibility to adapt to the ever-changing environment.

The Ottawa Co-op has now been operational for a full year with the newly added green site: Burlingame South. This facility has been very rewarding for all



involved. Bulk seed, NH3 Fertilizer, and Grain are the current offerings at this facility which is located just to the south of Burlingame. We will continue to develop this area as well as others and are always on the lookout for new opportunities.

We have scheduled the annual meeting to be held in Ottawa, KS at the Bottle House like last year which is scheduled for December 20. We are wishing for a great summer and some rain to yield another prosperous harvest this fall.

Thanks for your continued business!

Fuel Report- Arlie K. Watts Jr, Petroleum Manager

After OPEC’s meeting on June 22nd 2018 the oil markets are expecting some kind of an increase in production of crude to better meet the demand. This should soften prices to the end users. However, it will take sometime before the oil will reach the pumps. Hopefully we will see the prices soften by fall harvest.

Please do not deplete your storage tanks waiting for cheap fuel. If we all did that we could see a drop in inventories. This will in turn raise prices supply and demand play a big weekly role in price increases and decreases.



Give us a call when you need fuel, we are here for you!

*Your Partner
For Success*

Grain Report- Blake Malcolm, AgMark LLC Merchandiser

There is a lot going on in the global grain markets right now but tariff talks have been dominating the headlines for the past few months and having the biggest effects on the markets,

particularly the soybean market.

At this point there have been very few tariffs actually put into place, but as time goes on these proposed tariffs have the potential to take effect. This has caused a lot of uncertainty in the global grain trade and markets generally react poorly to uncertainty, which we have seen recently. Unless we start to see these talks move in a more positive direction they will likely outweigh a lot of supply and demand fundamentals in the global grain market.

Despite losses in the futures markets recently there are actually some positive trends in global corn and soybean supply and demand. Corn export demand has been very strong this year out of the U.S. and we even set monthly records for export shipments this spring. Because of this strong demand the USDA has decreased the 2017/18 U.S. corn carryout down to 2.1 billion bushels. This large carryout is still weighing on the market but strong exports coupled with lower production forecasts for 2018/19 should eventually lead to more favorable prices. It is worth noting that growing conditions have been near perfect in the corn belt this season which has some forecasters already penciling in yields above the trend line. Local corn basis has been strong recently, supported by strong export demand.

Current fundamentals in the soybean market are very similar to the corn market. U.S. carryout stocks of 500+ million bushels are weighing on the market but long term supply and demand forecasts are more positive. The domestic soybean crush has been very strong which has made up for some lack of demand in the export market and kept local basis strong. Production forecasts are calling for strong demand for U.S. soybeans and lower ending stocks moving forward. The question now is how much soybean demand can Chinese buyers shift away from the U.S. while trade negotiations take place.



These markets feel like a rollercoaster but volatility creates opportunity. There is still plenty of time left in the growing season and there should be more selling opportunities moving forward. Now is a good time to reassess pricing objectives and consider some options-based strategies.

Agronomy Report - Bob Nutt, Crop Production Manager

It is hard to believe this crop year will be wrapping up in just a few months. As you are aware of it seems like summer has been here forever and we need some moisture. Currently we are trying to finish the corn out with some fungicide applications being done and have been working diligently on spraying soybeans. The Field Advantage team has been busy scouting lots of acres and helping advise on what is going on with their customers crops to help make them profitable. As we have the last few years we are taking a look on how we can continue to provide you the best customer service on all levels. This year we will be adding more storage and additional personnel to cover our future needs.

We do have some field days scheduled on July 24th at Leloup and July 25th at our Burlingame South location. There is always good information from our guests and a good opportunity to see different scenarios that you can take into account about possibly trying on your farm. Mark your calendars for some good information and lunch afterwards.



We look forward to working with you the rest of the season helping you maximize yields. In closing even though we are still in this crop year it's not too early to start thinking about crop plans or fertilizer applications for this fall.

Thank you for your continued business and having trust in us as your adviser.