



SERVING NORTHERN ILLINOIS AND SOUTHERN WISCONSIN

QUARTER 3 - JULY 2017

# Serving Our Communities Since 1918



**Todd Diffenderfer**  
General Manager

tdiffenderfer@pce-coops.com  
815-809-2667 ext. 506

Another spring has come to a close and summer has begun. I would like to take the opportunity to thank our Pearl City Elevator patrons for what was a wild roller coaster ride of a spring. Rain after rain put progress behind on the Agronomy Division side of our business. There were some very long days that you and our PCE employees endured to compensate for these weather interruptions. This effort, again, demonstrated how dedicated both Pearl City Elevator patrons and our employee teams are to our agricultural roots and our stewardship of the land and resources. It takes patience, and we will do all that is needed to get each job done.

Our Fuel Division is about a month away from opening our new state-of-the-art bulk plant at Alliance Commodities in Lena, IL. This new facility will allow Pearl City Elevator to utilize bulk rail receipt of product, as well as provide us with added storage for refined fuels. The loadout portion of the facility will enable more streamline and efficient load times of our delivery vehicles. An additional facility at our Dakota location is anticipating an October 2017 completion.

The Grain Division has continued our historical success in corn procurement for Adkins Energy ethanol facility during this volatile phase in the market. We are pleased to welcome Brad Auger, an experienced grain merchandiser, to the team who will further our expertise and develop additional incremental market opportunities for the PCE Grain Division. Our goal in the grain department is, and will continue to be, growing market options for Pearl City Elevator patrons.

Pearl City Elevator Feed Division has experienced sales growth again this quarter. The addition of our country store in Lena, has allowed our staff more opportunity to interact with feed customers in the community. The Feed Division continues to bring quality and value to our customers for their animal care in both nutrition and housing.

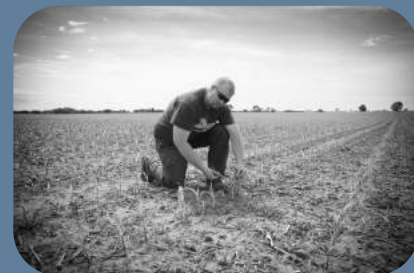
Our 99<sup>th</sup> year anniversary "Customer Appreciation" event is scheduled for August 4<sup>th</sup> from 3 to 8 PM at Alliance Commodities location in Lena and I am excited to see all of you there. As we found at last years' event, it is a great time to visit and discuss what has been accomplished in the past 99 years. Lastly, I hope everyone had a safe and productive spring, AND again, from all the Employees and Directors, **Thank You** for your continued support of Pearl City Elevator.

*Proud to be Your Production Partner!*





# PEARL CITY ELEVATOR INC.



## Agronomy Division Update...

Finally, we have a growing crop out there. Needless to say, it was definitely a struggle getting everything planted. There is corn head high and there is corn shin high. Very little replanting was required, unlike central and southern Illinois where a lot of replanting occurred. Fortunately, we are receiving warm and moist growing conditions to push the crop along a little faster than normal.

Some of the moisture came in the form of heavy rain, high winds, and scattered hail, causing some stem and leaf injury to plants. When stems are bruised and leaves are torn, there is a pathway for disease to enter the plants resulting in possible yield loss. Other factors that contribute to disease pressure are that certain hybrids are more susceptible in wet, hot, and humid conditions. Most common diseases in northern Illinois and southern Wisconsin are Anthracnose, Rust, Northern Corn Leaf Blight and Grey Leaf Spot.



**Butch Drane**

*Agronomy Manager*

bdrane@pce-coops.com

815-809-2667 ext. 513

To help protect from these and other diseases, you should consider applying a fungicide to the most susceptible corn and soybean hybrids. A benefit of fungicide application is that increased green leaf area keeps photosynthetic energy producing longer into the season, which contributes to improved yield, test weight, and quality. Let any member of Pearl City Elevator, Inc. Agronomy Sales Team help you identify the hybrids you would most benefit from a fungicide application. Our goal is to partner with you to help you make solid agronomic decisions resulting in higher yields and profitability per acre. Stop by or call any of Pearl City Elevator locations to visit with one of our sales team employees.

## Market Update:

**Ammonia (NH3):** Appears retail pricing will end up lower than last fall. Waiting for fall prepay pricing to be announced.

**UAN (28/32%):** UAN side dress is all but complete. I don't expect any significant fill pricing offers until the end of July. Usually, the fall fill price is the best price of the year. Hoping to see the price come out less than last year fall fill.

**UREA:** With increased production domestically and imports competing for storage space, there should be plenty of product available. The additional competition should keep prices at or below last year's levels.

**Phosphate:** The market has been flat through spring. Looks to stay firm to up going into fall.

**Potash:** Fall fill pricing was announced last Friday at the same price as last fall. Our orders must be placed by Friday the 14<sup>th</sup>. The price will raise \$20/ton on the 15<sup>th</sup>. Time will tell if the price increase will hold or not.

Summary: Once fall pricing is established, I do not think you will hurt yourself by locking in your fall fertilizer needs. Once inventory is sold out, replacement costs will dictate the daily retail price. The information in the market update is solely the opinion of industry professionals. The final decision to establish a signed contract price is made by the customer/member of the Pearl City Elevator, Inc.. Butch Drane

*Proud to be Your Production Partner!*





## A fresh look at imagery...Field Variability Maps.

For the last 5 growing seasons, our industry has had Satellite and Aerial imagery available. I think that we can all agree on several key points of images. They have insights into field variability, they are not recorded often or fast enough, and their value as an agronomic tool has yet to be definitive. So, all things considered, how can images become a part of your operation?

Farmers Edge has taken images to a new level for the 2017 growing season by introducing Field Variability maps. Wendall Boehlje of Farmers Edge explains; "Farmers Edge offers traditional NDVI maps but has also developed two new maps for comparison using all the spectral bands to present maps that highlight variability in different ways. Map one shows the greatest variability in the field and is assigned a percentage of variability that exists on the map. Map two shows the next, subtler factor of variability in the field and is also assigned a percentage. The purpose and usefulness of the maps are many, but there are two most significant that will change our perceptions of in-season imagery forever.

Firstly, the images will show variability that has yet to be detected in a normal NDVI image. This gives the agronomist or farmer an earlier warning of where to scout and alerts them of a field challenge much sooner than ever before. Secondly, Field Variability Map 2 will show what is developing as the next potential factor of difference in the field. You may ask "how do I use these two maps together?" Think of it this way, the major variability in the field the day the image is taken will be reflected in FVM1, the next biggest variability will be reflected in FVM2.

For example, patches of insect damage when it starts might only appear in FVM2, but if left untreated, this insect damage may increase and on the next image may be the biggest cause of variability in the field and moves into FVM1." Pictured are some examples of field variability maps.

There is still time to take advantage of Farmers Edge Field Variability maps for this season. If you sign up now you will not have to pay for your subscription till fall. Remember a Farmers Edge Smart Solution subscription includes not only Precision Health & Field Variability maps, but also a weather station, In-Field Telematics & Data transfer, Farm Command™ All-in-One Farm Management Platform, and on farm Agronomic & Tech Support. Sign up today to get the most out of your subscription.

Please contact myself or your agronomist for more information on Farmers Edge.



**Rachel Marsh**  
*Agronomy Specialist*  
rmarsh@pce-coops.com  
815-809-2667 ext. 511  
815-541-5643



### Farmers Edge Field Maps

- Precision Health maps
  - Based on a modified NDVI index which allows a standardized comparison across crops, fields and over time
- Field Variability Maps "New for 2017"
  - Unique tandem map set – Map 1 illustrates the major locations of variability across a field while Map 2 draws out the more subtle differences and can help pinpoint unique areas for investigation







# PEARL CITY ELEVATOR INC.



## WE WANT TO CONNECT WITH YOU! VISIT US ONLINE AT [WWW.PCE-COOPS.COM](http://WWW.PCE-COOPS.COM)

### Alliance Nutrition & Commodities Update...

This is the time of year where the futures market is weather driven and price movements do not make any sense. Case in point, recent weeks have seen drought conditions in North Dakota which drove wheat prices up. The run up in wheat prices pulled up the corn and soybean prices. Friday, the USDA Quarterly Report showed more acres of corn planted than expected and more corn in storage along with the opposite for soybeans. And markets continue to climb. Eventually, increase in corn and soybean prices will have an effect on other feed ingredients such as distillers grain, corn gluten feed, hominy and similar ingredients. Distillers prices have been low due to soft demand from Southeast Asia. Distiller inventories at ethanol plants have tightened but prices are still and remain range bound. People have asked about contract prices on ingredients for the next crop year. Historically, the best time to contract is during August and September, after pollination has occurred and better crop estimates are projected. There is still a lot of growing season left and a lot can happen in the next 60 – 90 days. So watch the weather patterns and how the crops are growing and contact us with any questions.



**George Drewry**  
Commodity Sales and Nutrition  
[gdrewry@pce-coops.com](mailto:gdrewry@pce-coops.com)  
Phone: 815-809-2667 ext. 505

### Welcome Brad



Brad Auger joined the Pearl City Elevator Grain Team as our Grain Merchandising Manager.

Brad will work from Alliance Commodities in Lena, IL

Let Brad and our grain team help you find a solution for your grain operation.

Reach out to Brad at (815) 809-2667 ext. 523 [bauger@pce-coops.com](mailto:bauger@pce-coops.com)



# WE'RE GROWING!

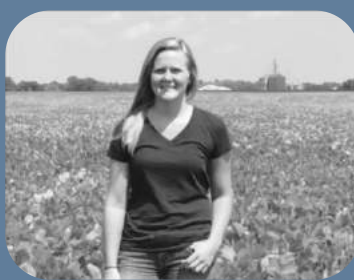
ARE YOU LOOKING TO JOIN A GROWING LOCALLY OWNED PRODUCER FOCUSED COMPANY?  
PEARL CITY ELEVATOR HAS EMPLOYMENT OPPORTUNITIES!

CHECK OUT CURRENT POSTINGS ON OUR WEBPAGE!

[HTTP://WWW.PCE-COOPS.COM/WP1/CONTACT-US/CAREERS/](http://WWW.PCE-COOPS.COM/WP1/CONTACT-US/CAREERS/)

## *Proud to be Your Production Partner!*





# Fundamental Market Outlook

## Grain Marketing Update...

The month started off with the producer being an aggressive seller of old crop corn in front of the July 4<sup>th</sup> holiday. A drier 11 to 16 day forecast conditions to offer support. Although, despite the fact prices are near the recent highs, farmer selling has quieted down. Some commercials are attributing this to the fact that the top has been taken out of the corn crop with condition ratings for July falling between five and ten year average.

Gulf corn basis rolled to the CU and has fallen around 3 cents from last year. Export buyers remain on the sidelines and continue to purchase their needs on a hand to mouth basis. However, some traders would argue that if the weather does become more of an issue it might entice some forward coverage. Argentina remains aggressive on their corn offers and continues to remain below U.S. values through the summer. Barge freight has held mostly steady this past month, and with the exception of the Illinois, which is firmer due to the lock at La Grange has been under maintenance and closed for daytime travel. Despite increased movement from the producer, processor basis is mostly unchanged. Current yield projections are starting to appear and are below USDA's 170.7 bpa estimates, but will need a large drop in yield before too much concern arises. We continue to advise using basis and futures offers as traditional merchandising tools for setting pricing objectives.

Plenty of movement in the past month in CIF, though it feels like this is a factor of a thin trade as opposed to an active market place. When an export sale is made, the buyer comes to the trade briefly. Weekly export sales came in at 11.6 mln. bu. with only a couple of countries participating, and China buying South American beans. YTD commitments at 2.181 bln. bu. are above USDA projections so we can't be surprised by the slowdown. The issue will be watching for sales cancellations and how much competition we have with South America when U.S. fall bushels come to market. The U.S. export market is expected to remain weak in the short term. Given the limited amount of commercial owned beans combined with the producers holding on to the balance of his old crop bushels, pushes should continue into the processor and river markets. Continue to watch the market for basis or board rallies and reward it with sales.

We're suggesting that when your marketing cash, Basis, HTA, or rolling contracts contact the Pearl City Grain team.

### Stay in touch with the Pearl City Elevator Grain Team.



Maridy	(815) 809-2667 ext 526
Steve	(815) 809-2667 ext 508
Kevin	(815) 809-2667 ext 509
Brad	(815) 809-2667 ext 523

**Steve Sandahl**  
Grain Merchandiser  
ssandahl@pce-coops.com  
815-809-2667 ext. 508







# PEARL CITY ELEVATOR INC.



**Pennie Groezinger**  
*HR & Credit Manager*  
pgroezinger@pce-coops.com  
800.851-8584 ext. 101

## Sharing The Positive Story

Advancing agriculture to a newer light is a priority for everyone in our industry. The PCE team took this priority to the Stephenson County Fair. Through educating and communicating with the public, PCE helped to be positive advocates for the agriculture industry. We recognize that our society has a growing desire to learn about where their food comes from and how it is produced. With less than 2% of the population involved in some aspect of agriculture, our society has moved in a direction where the majority have limited knowledge about agriculture. The PCE team provided an educational-based game which allowed the public to learn more about feed ingredients, the animals we produce feed for, and some best practices our producers use to care for their animals and our environment. This was a double win for our team – we initially thought our audience would be younger kids but quickly found out that parents were eager to join in the experience and learn as well. Working together, we are helping promote the positive story about agriculture. It is this same teamwork that we value with all of the volunteers that come together to make our county fairs so successful. Our county fairs provide incredible opportunities to share the story about agriculture. We commend all the volunteers and thank them for their countless hours volunteering for our agricultural industry.



*Proud to be Your Production Partner!*





# Treat Your Equipment Well. Treat Yourself As Well.



Earn a \$15 VISA® gift card for every 4-10 pack or 35# pail purchased, OR one \$50 VISA® gift card for every 120# keg purchased, between **June 15, 2017** and **August 15, 2017**. See us for additional details, today!

**Stop in  
today to  
earn gift  
cards.**



*WWW.PCE-COOPS.COM*



**PEARL CITY  
ELEVATOR INC.**

**\$1395  
VALUE**

**CUSTOMERS WHO PURCHASE A  
QUALIFYING AIR-COOLED HOME STANDBY  
GENERATOR UNIT BETWEEN  
JULY 21ST 2017 & SEPTEMBER 1ST, 2017  
ARE ELIGIBLE FOR A FREE  
10-YEAR EXTENDED WARRANTY AND THEIR  
FIRST YEAR OF MAINTENANCE FREE.**

**CONTACT OUR KNOWLEDGEABLE  
SERVICE TEAM TODAY FOR YOUR  
FREE IN-HOME CONSULTATION.**

**800-851-8584**



PRE SORT STANDARD  
US POSTAGE PAID  
PEARL CITY, IL  
PERMIT NO. - 10

ADDRESS SERVICE REQUESTED

**PEARL CITY  
ELEVATOR INC.**  
PO Box 248  
Pearl City IL 61062  
(800) 851-8584

