Despite Headwinds, a Good Year

BY BOB CARLSON, GENERAL MANAGER

Though we had our reservations at time, I want to begin by thanking everyone for a tremendous 2019. The patronage and equity payments that went back to our members exceeded those from the previous year—indications of a performance which could only be achieved with the support and participation of our members.

This is especially true since 2019, due to many factors beyond our farmers’ control, was extremely challenging. In portions of our territory, we were very fortunate in that many producers were able to perform at or slightly above 2018’s record levels. However, there were also parts of our trade territory that felt the pain of persistent rough weather throughout the 2019 growing season.

It’s with that in mind that we look at where we are today. Much of the 2019 crop went into the bin stressed. As the weather warms, it is critical that our members keep a close eye on the quality of the grain in your bins. As you’re monitoring quality, be just as aware of how important safety is. Throughout our industry, there have been an unusually high incidence of grain handling issues, so we can’t stress enough how important it is to put safety first. Please take the extra time to take a look at those bins and let us know if we can help with any quality issues that might lead to unsafe bin entry or operation.

Looking forward to the balance of the year, the board is directing me to continue to invest and drive the value proposition of the co-op model to our members. That investment is not just in facilities, property and equipment, but also in people. We’ve asked some of our team to take time and expand their understanding not only of the grain industry, but also of the people industry.

We’ll continue to make those investments to make sure that we’re, as Wayne Gretzky famously said, skating to where the puck is going to be, not to where it has been. We’re preparing Premier Cooperative to be something they can be proud of as a part of their community, and also in its performance and drive to bring real value to the farm.

In closing, thank you for everything you do with this co-op. One of the seven cooperative principles is the economic participation of the members. We’re going to do our best to earn that financial commitment going forward, and your input is always appreciated.
Over the past several years, we have upgraded our bulk fuel plants to better meet customer demands. We are now bottom-load capable at all plants with the ability to load around 450-500+ gallons of diesel per minute. With that accomplished, it was time to upgrade our delivery fleet.

Our latest addition is now on the road, a brand new 4,500-gallon tank on a Volvo chassis powered by a 485-hp Cummins motor. We have three different reels on the truck to unload standard diesel or biodiesel at 70-80 GPM, standard gas at 70-80 GPM, and an express diesel or biodiesel reel rated at 140-150 GPM. We have also outfitted the new truck with a dual injection system for our Cenex® premium diesel fuel offerings, and a separate system for a winter flow additive during colder weather.

The additive systems are also a safety measure, providing our drivers with virtually no reason to be on top of the truck apart from periodic cleaning. Other safety features include a reverse camera system, flashing strobes and work lights. Watch for Rick Riblet and the new Volvo out in the country.

Moving on to the energy outlook, the coronavirus and lack of world demand have made this an absolutely great time to fill your tanks, with the best prices we’ve seen in more than a year. Diesel futures have seen a steady decline, and we believe that trend will continue.

We’ve also been filling a lot of bulk oil and DEF tanks as you get your equipment ready for the field. That’s a prime example of seasonal market trends. Whatever your energy needs, we’ll get you ready for spring.
In the kind of market we’ve seen for some time, seasonality is an important factor to take into account when planning a marketing strategy. For example, we know that as the South American soybean crop hits the market, our bean prices generally take a hit.

We have a number of tools to help you take advantage of this seasonality. For example, our daily average contract takes each day’s closing price over a period of time and sells a portion of the contracted grain every day over that period. We’ve seen good results with that compared to harvest delivery pricing. Selling a little each day takes the emotion out of the process. You don’t always hit a home run, but it’s a good option for at least some of your bushels.

Having a marketing plan in place is also critical. A basic plan starts with how much you expect to produce and your cost of production. Then add in some timelines and price objective and utilize the crop insurance program. Finally, include marketing strategies and tools you’re comfortable with. There are many tools available to fit any approach from conservative to aggressive. We’re here to walk with you through that process, determine which tools work best for you and put a plan together.

One thing we see every year – the market provides opportunities to hit your pricing targets, but those opportunities can be very brief. We have a very robust open offer program that allows you to take advantage of those opportunities. We watch the markets while you run your farming operation. When prices hit your target, we execute your offer.

No one knows what prices will do, with wild cards like the trade wars and coronavirus. Generally, however, we have opportunities during the planting and early growing season to contract grain at favorable prices. Consider looking ahead to new crop values or even – for those who have on-farm storage – the market for deferred contracts as distant as the summer of 2021. Forward contracting generally gives a better price over time than waiting until you get there to sell.

Questions? We’re here to help at all stages of the marketing process, from planning to execution.

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This past fall, we heard the words “prevent plant” for the first time in some areas of our trade territory. The Premier footprint saw slightly lower to extremely lower yields compared to the 2018 harvest. Ultimately, we handled about 80% of the corn and 70% of the soybeans we took in during the harvest of 2018.

On the upside, we didn’t have to ship as much grain by rail or truck during harvest. However, almost all the corn that came in had to be dried. At two locations, our teams temporarily piled wet corn on the ground to keep grain flowing and the doors open. Thankfully, Mother Nature cooperated, and we were able to pick it up and get it dried quickly. I’d like to thank our dedicated employees for their work this harvest and our loyal customers for entrusting us with their grain this harvest season.

It has been well documented that wet conditions impact grain quality. Storing grain at higher moistures invites conditions associated with engulfments and entrapments, so please – core your bins, aerate when needed, check the condition of your grain weekly and move it if necessary.

With 26 receiving locations, it is no surprise that we have approximately 32 projects on our capital expenditure list this year, including upgrading grain handling and mobile equipment, as well as aeration upgrades, just to name a few. We will be upgrading Dewey from two loadout locations to one with a 60,000-bushel-per-hour bulk weigher project on tap for this year. We expect to gain significant efficiencies and cost savings with this project.

Again, I would like to thank our dedicated employees for the effort they provide year round and our customer for your business and relationships.

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Premier Cooperative’s newest farm marketing specialist is a downstate Illinois native very familiar with our area. Originally from Mt. Carmel, Tanner Saltsgaver earned a bachelor’s degree in ag business marketing and management at Murray State University. After working in the Effingham area as an applicator, Tanner worked as a crop specialist with Illini FS in Dewey before coming to Premier.

“My focus in this role is on producer profitability," Tanner states. “I’ll be working with the different marketing options we have available to help you get the best price possible for your grain.”

Tanner will office at different locations throughout his territory – which includes Dewey, Gifford, Dillsburg, Fisher, Thomasboro, Rising and Galesville – during the week. “My goal is to spend as much time as possible at the farm gate meeting with customers as opposed to being in the office," he notes.
Keeping Tabs on Grain Accounting

A new position will provide even more structure and oversight to grain accounting throughout Premier Cooperative, notes new grain accounting supervisor Ray Billman.

"Basically, I will be overseeing four regional staff members, each in charge of grain accounting for several Premier locations," Ray explains. "We'll be working to institute more standard operating procedures throughout the company to make sure we're all on the same page."

A 44-year Premier employee, Ray started out at the Savoy elevator in 1975 dumping trucks. An injury brought him inside the office where he handled grain settlements – a position he’s held at various levels in the company ever since. "I call that my lucky break," Ray jokes. "I love talking to farmers, and this will take me out of the settlement business, but it is a good move for the cooperative and our customers."

Ray says that the new system will benefit Premier patrons by instituting uniform processes that will lead to even more accurate grain accounting.

Ready for a Busy Spring

BY TIM HUGHES, GENERAL MANAGER, UNITED PRAIRIE LLC

While our operations were often delayed, we enjoyed a much better fall than we saw in 2018. This was our first fall working with the folks from Miller Ag incorporated into United Prairie, and it was a smooth transition.

With a strong pre-pay season and a lot of spring work ahead, we're with you in hoping for a better spring than 2019. We continue to aggressively upgrade our equipment and incorporate the latest technology. Several of our post-application machines now have a system that allows us to run hands-free, reducing stress on the operator, improving application quality and increasing efficiency.

We just finished up a new shop and seed storage building in Dewey and a small addition to the office here in Tolono. The major upgrade to our Tolono dry warehouse prior to last fall also paid off, as we were able to cut our load times in half. That's especially important when unpredictable weather makes every minute in the field critical.

Finally, company agronomist Jeff Brown retired at year’s end and we’ve promoted Kyle Meece to that position. Jeff did a great job for us, and Kyle is ready to carry on the research program we’ve established. I’m proud that we’re able to develop this level of talent within our company and provide opportunities for career growth.