

Encompass Grain & Rail

December 2018
Issue 2

Locations:

Allen Station - Brownwood - Delavan - Greenview
Mason City - New Holland - Teheran

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Harvest Recap

As 2018 is quickly winding down, we want to thank all of our patrons for another safe and successful year!

Harvest came fast this year with nearly 70 percent of the crop dumped at our elevators within the first three weeks. Much of the grain that was brought in to the elevators was dry, which resulted in only about 2/3 of the crop needing to be dried compared to last year's numbers. Wet weather followed the early harvest and it greatly prolonged the end of harvest. As you travel around central Illinois, you may even still see some crops in the fields.

Large yields this season contributed to harvest volumes being up considerably. Due to the large crop, Encompass Grain & Rail COOP loaded out 7 corn trains this fall to make space for both corn and beans. The bean volume was up approximately 15 percent overall.

An interesting fact to note is that approximately 65 percent of the corn and 75 percent of the beans in our elevators are in storage or on deferred pricing, meaning that farmers own roughly two-thirds of the corn and three-quarters of the beans at Encompass Grain & Rail COOP.

From all of the employees at Encompass Grain, we hope you all had a Merry Christmas and we look forward to working with you in 2019!

Marketing Programs to Manage Price Risk

Encompass Grain and Rail COOP is pleased to once again offer several marketing programs to help producers manage price risk and build their marketing plan for the 2019 crop year. We have many different plans to fit your needs.

One marketing program that we offer is Average Pricing. This program runs for 20 weeks from February 13, 2019 – June 26, 2019 and allows producers to commit a set number of bushels to be priced at the close on Wednesday of each week. The deadline to enroll in the Average Pricing Program for the 2019 crop year is January 31, 2019.

Another program that we offer is Minimum Price Contracts. Through the use of an option that is maintained in the elevator's hedge account, a minimum price contract allows producers to select a minimum price while maintaining upside opportunity and the power to price out at any time prior to expiration.

Accumulators is another tool that we offer to market grain. Based on an Accumulation Price Level, each week when the futures market closes below the level, the weekly bushel amount is priced at the accumulation level. Each week that the futures market closes above the level, 200% of the weekly bushel amount is priced at the accumulation level. Accumulators can be used to price old crop (2018) or new crop (2019) corn and beans. Producers can sign up for accumulators at any time throughout the year.

In addition to these programs, we offer many others to fit your needs. If you are interested in learning about the other marketing programs that we offer, or have any questions, please call Kris Roberts at (217) 412-1774. More information is also available on our website at www.encompassgrain.com.

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Market Outlook

Grain prices have definitely seen a wild ride over the past several months. The trade war between the US and China have most notably impacted the bean market, which was further impacted by a record local crop, driving prices below \$8.00 this harvest. Optimism from recent trade folks, along with China's return to the US market for beans, has helped prices rebound by more than \$1/bushel. Although corn prices did not see the steep decline like beans, they have been able to rebound more than \$.30/bushel as well. However, we will need to continue to see additional buying from China and others in order to use up the large inventories of corn and beans around Central Illinois.

Everyone will continue to have a watchful eye on acres as we move into the spring. Most analysts anticipate several million acres moving to corn from beans, although it does not seem likely that we will see that large of an impact locally. However, a major shift in acres could definitely impact our prices. Soybean harvest will begin very shortly in Brazil and assuming a normal crop, our window of opportunity could be small to market our grain. Strong demand for Central Illinois grains will need to keep prices from following last year's path.

New Faces and Roles

Several personnel changes have taken place at Encompass Grain & Rail COOP over the last couple of months in order to deliver improved service to our producers.

The new Network Operations Manager is James Richardson. James comes to us with many years of experience and will oversee all outdoor operations for Encompass Grain and Rail COOP.

Mark Horner is the new Location Manager for the Delavan and Brownwood locations. He will oversee the outdoor operations at both locations. Houston Buck is the new Location Manager at Teheran and will manage the outdoor operations there.

Jacob Zumwalt is the new Location Manager at Greenview. Jacob will oversee the outdoor operations in Greenview, and will also split his time in the office to meet with farmers and discuss the markets. If you're in the Greenview area, make sure to stop in and meet Jacob.

Andi Butler and Mandy Eichelberger have transitioned into customer relations and marketing roles. They can answer all customer account questions and will be able to assist with any of your marketing needs.

For a complete list of employees at each location, please visit our website and click on Locations under the About Us tab.



James Richardson



Mark Horner



Houston Buck



Jacob Zumwalt



Andi Butler



Mandy Eichelberger