

DISPATCH

EC GROW

SETTING THE INDUSTRY STANDARD



NOVEMBER, 2017

Truck Shortages Require More Flexibility

Dealing with weather events, trucking shortages and regulations is an everyday occurrence for our Trucking Specialist Jacki Sluis. As we ramp up transportation for the ice melt season, we are experiencing a higher-than-normal trucking shortage.

Jacki indicated that she really felt the pinch due to this past summer's hurricanes, with popular freight lanes doubling in price compared to before the weather events. To make matters worse, effective December 18th, truckers will be required to use electronic logs. With the extra scrutiny of hours of service, we expect to see less turns—reducing availability, shorter driving and less interest in non-preferred lanes.

"We can get through this if we are all more flexible," Jacki said. "Customers that demand appointments or will let trailers sit before loading or unloading will suffer the most." EC Grow continues to maximize trucker's time by: loading and unloading trailers 2 pallets at a time using double-lift forks, allowing trailers to be dropped off, loaded and picked up later to accommodate late night or weekend schedules.

Early Order Program

November 1st kicked off our professional fertilizer Early Order Program. By placing orders early, it allows us to plan production time, setup transportation, and have product ready when you expect it. Nearly 50% of total fertilizer tons are produced for February, March and April delivery. It becomes imperative that orders are placed early to meet customer demands as most fertilizer customers distribute ice melt as well—so warehouse space becomes critical to having the right inventory in place when you need it.

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Current Market Outlook

UREA

Ag dictates what happens with Urea nitrogen in the turf industry.

Urea has been on a significant run up this last year. After hitting its bottom in July, it has advanced upwards ever since. Imports to the USA have slowed significantly due to the domestic price trailing the International market by some \$30/ton. This is certainly cause for concern as ag retailers still have to cover spring needs, and the US imported about 7 million tons last year. With new domestic plants coming on-line, our import needs will decrease, however, we still need to import approximately 3-4 million tons.

China is currently running at under 60% capacity for Urea. They slashed capacity for environmental reasons, shuttered and closed plants, ceased most exporting of product, and kept Urea production for itself. They have made it clear they would NOT participate in any low cost urea markets on a global scale. The big question is, will China step back in to the market and where will the import tons come from if they don't.

We are currently in a price discovery mode in the US. It will be a volatile market for awhile until we can fully understand the impact of the economics associated worldwide and new production domestically.

DAP

DAP has seen a significant price move to the upside in the last week or two. (+\$20-25/ton). They are claiming it is due to significant increases in production costs and raw materials. In other phosphate news, Mosaic has also announced they will be idling for at least 1 year their 950,000 ton Plant City, FL facility. This is their highest cost plant, and is in part a "response to changing supply patterns across the world".

POTASH

Potash has been fairly stable this year, we saw a slight pullback in Q3 and suppliers quickly re-gained their footing for pricing in Q4 and returned to previous price levels. Our supply has been consistent for our specific T&O potash, and I don't see that changing in the future.

MARKET OUTLOOK OVERVIEW (NOLA)

NITROGEN

Trending: Higher



PHOSPHATES

Trending: Stable to higher



POTASH

Trending: Stable



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