

# Fertilizer prices trend down; demand surge looms

BY DANIEL GRANT  
FarmWeek

It appears farmers' expenditures for fertilizer could trend down this spring, even if they don't cut applications back from recommended rates.

Price averages for most products at the end of last month were down considerably from a year ago, according to the latest Illinois Production Cost Report published by the Department of Agriculture.

"We do have more products coming on, and it's pushing prices lower," said Joe Dillier, GROWMARK's plant food director.

Statewide prices as of Dec. 24 averaged \$597.41 per ton for anhydrous ammonia (down \$53.42 from the previous report), \$389.50 for urea (down \$4.17), \$503.79 for diammonium phosphate (DAP), (down \$32.32) and \$389.79 for potash (down \$24.68).

In fact, the December price for anhydrous ammonia was the lowest since 2008 when it sold for \$478

per ton, according to Gary Schmitkey, University of Illinois Extension farm management specialist.

"Implied fertilizer costs in December 2015 are lower than in all years since 2009, suggesting that fertilizer costs in 2016 could be lower than in recent years," Schmitkey said. Prices just one year ago averaged much more at \$728 per ton for anhydrous ammonia, \$559 for DAP and \$479 for potash.

Dillier recommends farmers take advantage of the price discounts in coming months, but cautions against rolling the dice wait-

ing for a market bottom. "People in general are pretty nervous (about world economies and markets). When we get in these types of markets, how it plays out in fertilizer is a farmer can wait until the day he's ready to put it on (to make the purchase).

"The problem is, we often wait too long and the market moves back up," he continued. "That's the danger. Trying to pick the bottom in any of these markets is difficult." Fertilizer prices can move back up when the spring application season heats up. And this season could be a busy one.

Dillier noted fall fertilizer applications were down in 2015 due in part to warm temperatures followed by a wet November and December.

He also noted spring sales so far are lower than in recent years, so a buying rush looms on the horizon.

"Assuming we get a fairly good corn planting window (and acres near 88-90 million nationwide) and if application rates are close to normal, we need a pretty good window for spring applications," Dillier said. "I wouldn't want to be the last guy to the dealer to secure supply."

Fertilizer needs also could be larger than expected this spring due to unseasonably warm temperatures and widespread flooding in recent weeks that could have a negative impact on fall-applied products.

"If you think you lost nutrients, you need to assess that," Dillier added.



Joe Dillier

#BXNDMFP CAR-RT LOT#R001  
P-14 P17  
#0921 1058 853#  
BRENT FORD  
12906 HIGHWAY 11  
ALLEDALE IL 62410-2013

"Build a Pollinator," is also available. Visit { [myamericanfarm.org](http://myamericanfarm.org) } to learn more about the free game.

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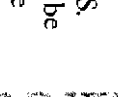
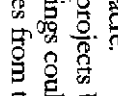
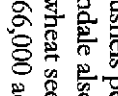
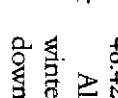
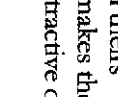
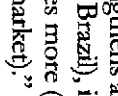
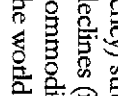
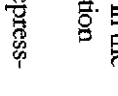
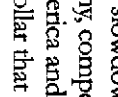
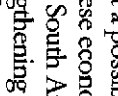
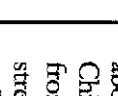
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## DUCKING UP: U.S. REPORTS COULD MOVE INFLUENCE MARKETS

BY DANIEL GRANT

FarmWeek

Farmers and traders soon will find out if the Jan. 12 USDA crop estimates ignite fireworks in the market or turn out to be a dud.

On Tuesday, USDA releases its 2015 crop production numbers and its estimates of grain stocks, winter wheat seedlings and season-average price forecasts.

Steve Georgy, vice president of Allendale, Inc. in McHenry, believes the report could be bearish.

Allendale last week projected ending stocks could grow from 1.76 billion bushels to 1.797 billion bushels for corn, 465 million to 474 million bushels of beans and 91.1 million to 925 million bushels of wheat.

If realized, the extra bushels could weigh on the markets, which already reflect concerns about a possible slowdown in the Chinese economy, competition from South America and a strengthening dollar that depresses U.S. exports.

"The funds are short on corn, beans and wheat," Georgy told FarmWeek. "They're looking for a bearish report."

However, the general bearish attitude in the market last week also could set off some fireworks if the reports come in neutral or even positive.

"There's no consistencies to this report the last 15 years," Georgy said. "But one thing it has been is a market-mover. We'll likely see some volatility."

So, why are many in the trade bearish about crop prices?

The strong dollar and competition from South America put the brakes on U.S. exports in recent months. Brazil reportedly set a new record for corn exports in December, and exported 40 percent more corn in 2015 than in 2014.

"That is tied to the dollar," Georgy said. "When our currency strengthens and theirs declines (in Brazil), it makes their commodities more (attractive on the world market)."

Currency values also are

among the concerns in China, the world's top importer of soybeans. The Chinese yuan recently dipped to a five-year low and indications suggest an economic slowdown in the world's second-largest economy.

"There's a lot of concern (about China's economy and demand for imports)," Georgy said. "China plays such a huge role, you can't just turn your head and say everything will be OK."

The trade also was uneasy last week when U.S. crude oil prices sank to an 11-year low below \$35 per barrel.

This week, Allendale predicts USDA will slightly reduce U.S. corn production to 13.626 billion bushels with an average yield of 169.22 bushels per acre, and incrementally raise soybean production to 3.983 billion bushels with an average yield of 48.42 bushels per acre.

Allendale also projects U.S. winter wheat seedlings could be down 566,000 acres from the previous year.