



## **October 1, 2009 Fertilizer Update**

### **Early yield reports are promising across much of the country**

Grain storage could be the biggest problem for growers across much of the country this fall, if early harvest reports are any indication. Wheat yields in North Dakota have been consistently good, yields from early corn harvested in parts of Illinois and Indiana have been described as fantastic, and rice and soybean yields in the South are said to be very good. Harvest of most crops is behind the usual pace, according to this week's USDA Crop Progress report. Corn harvest in the 18 key states was only 6% complete as of September 27, compared to a five-year average of 18% by that date. Soybean harvest, normally around 18% complete, was at only 5% complete as of Sunday. Even rice harvest in the southern region is running behind due to heavy rains there last week, at 45% complete, compared to the average 66%.

### **Dry Nitrogen**

#### **Urea**

The domestic market remains fairly quiet. A spread between prices in the first half of October and the last half of October has developed, mainly due to concerns about river close. The international market has seen some activity, with India having just awarded a tender for 700,000 mt and looking to buy another 700,000 mt of urea for shipment in 4<sup>th</sup> quarter '09 and 1<sup>st</sup> quarter 2010. Pakistan's demand has also exceeded previous estimates and the country will issue four tenders for 150,000 tons each in the next few weeks. Both countries' buying could help to put a bottom under the Yuzhny market. It will also probably keep spot cargos from heading toward U.S. ports. Expect U.S. prices to work lower in the coming weeks, until demand emerges.

#### **Ammonium Sulfate**

Honeywell raised its price by \$10/ton this week on granular product. Overall, the market should remain firm through the fall season.

### **Liquid Nitrogen**

#### **UAN**

The Nola market remains steady, with rumors of lower prices, but little proof. Several vessels of product are reportedly being exported to more active markets, including Argentina and France. Prices on the paper market continue to be higher in the months ahead.

#### **Ammonia**

Demand remains light, but the last half of October is expected to see more business. CF Industries is willing to open any October contracts early in order to spread out delivery and make sure that all of them get shipped within the month. There is still no spring pricing from Terra or Agrium.

## **Phosphates**

The international market has gone quiet this week. Domestically, Mosaic took its prices down, still keeping them higher than most market pricing. The post-fall swaps market has dropped \$20 below the current Tampa price. Most analysts predict some softness after the fall season. There is talk of PCS and Mosaic curtailing their production come December. The fact that Mosaic has not agreed to a Q4 ammonia contract lends support to that prediction.

## **Potash**

The market remains very uncertain. Fall harvest is going on in some areas and just getting started in others. The next few weeks will be the telling tale...will growers put on potash this fall? We are starting to see activity in most markets but it certainly is in low gear. The market appears to be settling out as we get into shipping activity but uncertainty still looms. International markets are still quiet and China is no closer to a deal than they have been over the last 6 months. Until China signs a deal and other markets like Brazil get more established, the market will remain wide open.

## **Regional markets**

**Northwest:** The threat of frost hangs above much of the region. Northern North Dakota already saw 26-degree temperatures earlier this week. Some harvest has begun in central Minnesota. Most dealers are working off current inventories and reordering has been relatively slow.

**Midwest:** Product sales continue to be slow. Some harvest is underway and yields appear to be very good. Some dealers are reportedly not buying for fall in the hopes of driving the markets down.

**Northeast:** Scattered rain showers across much of the region have slowed field work this week. Buying is still slow, in general, and there was very limited buying of potash.

**South:** Growers in Kansas and Colorado are planting winter wheat at full speed this week. Little harvesting has started due to most corn being too wet yet. Urea and DAP sales are expected for fall, but other product markets remain flat