Despite good progress, harvest still lags behind

November 18, 2009
A week of mostly dry weather across the cornbelt and much of the South has improved harvest progress significantly. According to this week's Crop Progress Report, soybean harvest in the 18 key soybean producing states was 89% complete as of Sunday, compared to the five-year average of 96%. Corn harvest was only 54% complete as of the 15th, compared to the average 89%. The states farthest behind on corn harvest include North Dakota with just 8% complete, South Dakota with 27% in, Michigan at 35% done, and Wisconsin with 38%. Minnesota has 43% of the corn crop in and Nebraska is 48% complete. The rest of the 18 key corn states are over 50% harvested.

Dry Nitrogen
Urea
The tight supply of prompt urea barges has caused the market to continuing to move higher in the past week. Three vessels are due into Nola by the end of this month, and much of that cargo is already sold. The international market is now stable to firm. China's domestic market is pushing that country's export prices higher. The next Indian tender, expected in early December, could provide further market direction. Most expect prices will be higher than the last tender.

Ammonium Sulfate
Honeywell's plant is down this week due to storm damage and the company is not currently accepting railcar orders. They are taking truck orders from terminals that still have product.

Liquid Nitrogen
UAN
The market continues to climb higher this week. Higher prices and good demand are attracting more product here – at least six vessels of UAN are on their way to U.S. ports. Right now, the U.S. market seems balanced and producers here appear comfortable with current inventories through January. Prices are likely to remain firm and trend higher into the winter months. The international market was also moving higher this week, and Romanian producers were bringing plants back online.

Ammonia
The pace of fall application is behind that of last year, but there has been product going to the ground in the western cornbelt and parts of the eastern region. Much of Iowa and southern Minnesota need another 7 to 10 days to get application wrapped up. In wet areas

of Illinois and Indiana, harvest is still behind and much N application will need to shift to spring. Expect price erosion through the remainder of the fall season. At this point, it doesn't appear that producers will be willing to roll fall contracts to spring.

Phosphates

Prices have run up fairly quickly in recent weeks. Few barges are available, though. Warehouse supplies are also being depleted of product that was expected to be used mostly for fill. Restocking is now a slow, cautious step. With tighter supplies, there is both supply risk and price risk.

In the international markets, significant tons continue to go into China, which should keep U.S. producers busy into December. South American countries and India are also currently at historically low levels of phosphate inventories. If either of them jumps into the market in the coming weeks, prices could rise. At any rate, they're not likely to drop. There is still no word from acid producers on fill pricing.

Potash

Potash prices have stabilized this week, after a good run on potash being applied over the past few weeks. At times, it's been difficult to find trucks and prompt rail cars as dealers look to replenish near empty sheds. After the fall season, pricing is less certain and depends more on what happens in world markets. Some analysts speculate that the potash market is close to the bottom, but until China and others make a move to buy, it will be difficult to set pricing for fill.

Regional markets

Northwest: This week good weather has brought tremendous harvest progress. South Dakota growers are well on track to record yields and good fall application levels. In North Dakota, though, growers continue to struggle to get crops out of the field. Some corn will likely be left in the field until spring. Sugar beet harvest is mostly done. Dealers are working to keep products supplied and fear higher replacement costs.

Midwest: Harvest is progressing quickly, especially in Iowa and southern Minnesota. Yields are great, but test weights for corn continue to be low and moisture content is still high, but dropping below the 20% level. Dealers continue to be reluctant to order more than small amounts of product at a time, which is making the logistics of delivery more difficult.

Northeast: Soybeans are about 95% out of the field and corn about 50% harvested. There has been excellent movement of P & K, with even some product outages at some terminals. Rain across some areas early this week is again slowing progress, though. For some parts of the region, opportunities for fall ammonia application could be past.

South: There continued to be a lot of harvest activity this past week, with good weather throughout most of the South. There was quite a bit of crop damage on both Cotton and Soybeans in the mid-south which may limit prepay dollars from growers in some areas. Product is starting to go to the ground in the Texas coastal bend, particularly UAN and phosphates. Cotton harvest continues farther north, where some MAP and Urea are moving. This week's rain has spurred interest in UAN. Dry P & K has started moving from Little Rock and Memphis with a few acres of wheat being planted in that area.