Most of Midwest making good harvest progress
December 4, 2009

According to this week's USDA Crop Progress report, corn harvest was 79% complete in the 18 top-producing states. North Dakota has seen the slowest progress, with just 40% of the crop in, South Dakota was at 58% complete and Wisconsin was 67% done. Illinois growers have 72% of their corn acres in and Michigan has finished 76% of the corn harvest. Minnesota and Nebraska have 78% of corn acres combined, while the remaining midwestern states have completed 84-87%. Soybean harvest is 99 or 100% complete in most midwestern states, except Kansas (90%), Missouri (93%), North Dakota, Illinois and Arkansas (96%), and South Dakota (97%).

Dry Nitrogen

Urea

Barge prices have been creeping higher, almost on a daily basis. Everything is pointing up now, both domestically and internationally. Higher gas prices are raising the Ukrainian cost of production from $230/240 to $260/ton FOB Yuzhny. This increased cost of production has set a new higher floor in world prices. The same is true for China, where higher gas and coal costs have boosted prices from $260 to $300/ton. China may actually increase their export tax for January to keep more domestic product at home. That will also contribute to a tighter world supply. So far, the U.S. market has attracted between 250,000 and 300,000 tons, much of it from Egypt, but that still leaves the United States short for spring. In Q1, the U.S. will be battling with the Europeans for more Egyptian urea.

Ammonium Sulfate

There has been no change in pricing this week. The Honeywell plant is back up and running but the company is still not taking rail orders for granular product due to damaged railroad track. There's potential for new pricing once the track is fixed and they start moving granular by rail again. Because of this transportation snag, some terminals, including those at Dubuque and Prairie du Chien, are running out of product.

Liquid Nitrogen

UAN

Sales of physical product have slowed, and it appears price increase will it will be helped along by the rising urea market. There is little opportunity for prices to slide and more chance for them to increase in the weeks ahead, it's recommended to be sure at a minimum you are layering in product.

Ammonia
Cash loads continue to move this week, and the weather outlook is promising for next week, as well. Cash and fill prices are the same, currently, and fairly attractive on a per-pound basis. Ammonia is now at an 8- to 10-cent discount to urea. Both urea and UAN prices are supporting the ammonia market at the moment, and ammonia producers are likely to start inching prices higher in the coming weeks. Expect spring prices to move higher in the weeks ahead.

Phosphates
This week, the focus of the phosphates market is on prices, which keep moving higher. Supplies have become very tight. Prices out of the Twin Cities are expected to go up $10 to $15/st next week due to higher replacement costs. The international market is strong, as well, and buyers such as China are looking for sizeable quantities.

Potash
In the Midwest, Great Lakes, and Northern Plains states, prices dropped about $10 this week. These prices are likely to hold for the short term. The international market is focused on China and Brazil, who are expected to begin making major purchases in the next 30 to 60 days. China, Brazil, and most other potash consuming areas around the world are very low on inventories. When these large international buyers decide to step in the rest of the world will more than likely follow their lead.

Regional markets
Midwest: Corn harvest progresses, despite some wet weather last week. Moisture levels remain high in many areas. There have been a lot of inquiries, some forward pricing contracts for potash, and some spring fill purchases of ammonia. Ammonia application is still going strong in Nebraska, where corn yields continue to be phenomenal.
Northeast: Illinois growers are still working to finish harvest there. Movement of P & K has been more brisk in the northern part of the state. There has been some sideways movement of ammonia to avoid cancellation of existing contracts. In Indiana and Ohio, harvest is much farther along, and there has been good movement of phosphates, and some spring ammonia and 10-34-0 sales.
South: Harvest is nearly complete, with only some late soybean acres to finish. There have been some fill orders of phosphates and urea placed this week, but the pace is behind last year. Some growers are still holding off on potash purchases or minimizing rates. Current rice and soybean markets should encourage good prepay business this winter, but cotton prices could mean slim prepay business for acres being planted to that crop.