Fast start to planting and big corn crop potential

The corn market appears to be very quickly discounting for a big corn crop. This week's drop in corn price was likely prompted by Monday's USDA Crop Progress Report, which showed that Illinois farmers had about one-third of their corn crop planted as of April 18. Even with the earlier delays this season, Texas was at 70% planted, Missouri at 40% and Kentucky at 35%. The 18-state average was 19% planted, which is 10% ahead of last year's pace.

Dry Nitrogen

UREA

Price outlook: Flat to slightly higher for the next 30 days

Domestic market: The urea market appears to have found its bottom, with the potential for prices to move $10 to $20 higher in the coming weeks. Barges north of St. Louis already carry a $2 to $5 premium, and Friday was a big day for urea sales. Most everyone intends to end the spring season empty. The question is whether demand will push prices higher before then.

Global factors: India is expected to re-enter the market in the next few weeks and make major purchases, which could give some strength to international prices into summer. Egypt will likely be trying to get some of that usiness. The Yuzhnny price is now at a new floor of just above $250/mt FOB, which should allow it to compete, as well.

AMMONIUM SULFATE

Price outlook: Stable through April

Domestic market: Demand has picked up this week and producers are having challenges in keeping up. Granular product at Omaha was sold out within a day of product coming back in. Honeywell's Hopewell plant is back up and running after being down for five days. HJ Baker out of Beulah, North Dakota, is having a tough time finding trucks to transport product, but is still taking cash orders. APF is trying to fulfill rail orders before their announced plant turnaround at its Freeport facility in May that would reduce their production in half.

Liquid Nitrogen

UAN

Price outlook: Steady to higher in the next 30 days

Domestic market: Areas where the most corn has been planted are seeing the greatest UAN demand so far, such as in northern Illinois. As terminals work to refill nitrogen products in the coming weeks, UAN could be in greater demand and prices could bounce higher. The supply of railcars for moving UAN remains tight.

Global factors: Demand in France has picked up this past week. The new Trinidad plant, which has been running at only 80-85% capacity thus far, is ramping up to be at full production by the end of this month.

AMMONIA

Price outlook: Steady to higher for the next few weeks

Domestic market: With little moisture in the forecast until later this week, growers across most of the cornbelt are applying anhydrous and following close behind with corn planting. Demand has been very high and supplies are tightening in certain areas, with cash tons becoming temporarily unavailable at some terminals. That has caused prices to change by $50+/ton overnight. Compared to last spring, CF Industries reports moving twice as much ammonia on a daily basis, which is extremely unexpected. The big question is whether the system will have enough time to be refilled to meet sidedressing needs.

PHOSPHATES

Price outlook: Firm to higher through the spring season
Domestic market: Supplies have tightened and there are reports of no uncommitted barges of DAP north of St. Louis. Anything on the upper end of the river is garnering a premium, mainly due to logistic challenges – product just can't make it to the Midwest soon enough.
Global factors: U.S. DAP exports for March totaled 313,397 mt, with the most going to Australia, then Mexico and Pakistan. That level is 31% below exports for March 2009.

POTASH
Price outlook: Stable through spring season
Domestic market: At source points near river terminals, there are reports that Canadian product prices have come down a bit to meet competitive situations, to the $405-$410/st range. Supply looks good for the remainder of the spring season, with imported product still available by barge. Having product in place will be crucial when demand hits, so logistics are very important.
Global factors: U.S. imports of potash for February of this year were up 270% over the same month last year – from 307,754 st in Feb. 2009 compared to 1,141,198 st this year.

Regional markets
SOUTHEAST: Dealers in northeast Arkansas are running hard, getting product down and rice planted, but they need rain. Some farmers are already finished with rice planting and switching to soybeans. Most terminals are moving product through as fast as they can, with spot product outages seen at some river terminals on DAP, TSP, and potash.
NORTHEAST: A lot of corn is being planted this week, and growers appear to be adding more corn acres than even expected. Supplies of thio sulfate are very tight, and some locations are running out of ammonia and 10-34-0. Ammonia application has been much busier than even expected, and strong demand for sidedress could make ammonia supplies very tight going forward.
MIDWEST: There continues to be a lot of ammonia activity this week, but getting product where it's needed is becoming a big challenge. A lot of potash and urea are also going to the fields. UAN orders are also starting to come in.
NORTHWEST: Product movement in the western states is tapering off a bit, but finding enough trucks to haul product is still a problem. There is a lot of planting to get done yet in South Dakota, especially in the spring wheat areas.
SOUTHWEST: A lot of product continues to be applied this week and terminals are going through inventories fast. Application and planting in much of Nebraska could be mostly wrapped up in another 10-15 days. Where ammonia is still being applied there are long lines and up to 5-hour waits. Most expect a healthy sidedress season, provided enough product is available.