



April 28, 2010

Corn planting sets near-record pace

Corn planting was ahead of its five-year historic average in 16 of 18 key corn-producing states, according to Monday's USDA Crop Progress Report. Planting as of April 25 was 73 percent completed in Illinois, 69 percent done in Missouri, 68 percent complete in Iowa and 63 percent done in Minnesota. Overall, corn planting was 50 percent complete, compared with a five-year average of 22 percent for this week. Just one week earlier (as of April 18) corn planting was just 19 percent done, which illustrates how rapidly crop is being seeded.

Dry Nitrogen

UREA

Price outlook: Sideways to down over next few weeks

Domestic market: Moving lots of small orders of product continues to cause logistics concerns. That is likely to continue as growers and dealers buy mostly in small amounts. There is some concern that, with no more spot cargos expected in the next 30 days, urea inventories will be depleted before the rice run is complete. Rough estimates are that there are 200 or fewer barges of product left uncommitted on the river, and the larger rice crop, alone, could require more than 300 barges.

Global factors: The Yuzhny price has come under more pressure and traded as low as \$230 on paper, while physical is now at between \$240-\$245/mt. Almost nothing has been traded so far for May. The good news is that the low price will make Yuzhny product competitive into India for the expected tender in the next week or two. That country is expected to buy upwards of one million tons of urea. At that rate, China won't be able to compete much in the world markets until its export tax drops July 1. Latin America has been absent from the market over the past 30 days, which is also working to consolidate demand.

AMMONIUM SULFATE

Price outlook: Stable into mid-May

Domestic market: Honeywell continues to have a tight schedule for railcars from its Hopewell facility, which will limit availability. They also continue to have spot outages of product at some of their Midwest warehouses. HJ Baker out of Beulah, North Dakota, is still limiting the amount of tons that can be placed on cash orders. The company has a maintenance turnaround scheduled sometime this spring but no date has been set. Their production will be cut in half while the turnaround is occurring. Agrium appears to have good availability of their compacted product out of Canada but has tighter availability on granular product.

Liquid Nitrogen

UAN

Price outlook: Steady to higher in the next 30 days

Domestic market: UAN should be in greater demand in the coming weeks for side-dress season, and prices could bounce higher, but probably only for a brief time. The supply of railcars for moving UAN remains tight.

Global factors: The market is under pressure worldwide. The recent Egyptian sales tender of 20,000 tons is going to Argentina.

AMMONIA

Price outlook: Steady to slightly higher for the next week or two

Domestic market: Demand for ammonia may have peaked last week, and pre-plant application is expect to be wrapped up in the next week or two. The May price in Tampa could be established anywhere between \$405/mt, and \$450/mt. Current ammonia inventory remains thin across the country. Illinois, Indiana and Ohio will continue to feel the supply tightness due to the anticipated strong side-dress demand.

PHOSPHATES

Price outlook: Firm through spring

Domestic market: The market has slowed a little this week, with less product moving in the north. There are some barges remaining on the lower Mississippi River. Inventories have tightened and there have been temporary product outages in some areas. Early estimates are that fill prices are all over the board. The fill values will continue to be defined in the next few weeks.

Global factors: India remains the major buyer in the world market, booking another 200,000 tons last week. Industry estimates are that India has also agreed to buy as much as 800,000 tons of DAP from China, which could be the bulk of China's available product for the short term.

POTASH

Price outlook: Stable through spring season

Domestic market: Warehouse prices have come down a bit in some parts of the corn-belt. Demand has been better than anticipated and supply remains adequate. There is talk of summer fill prices, but nothing has been offered at this point. The market doesn't seem to have much of a downside as other fertilizer products.

Regional markets

SOUTHEAST: Storms moved through the Delta over the weekend, bringing much needed rain to many areas. Truck traffic has slowed out of Memphis and Little Rock this week due to rains and much of the P and K movement is behind us. The larger rice crop expected this year should require an additional 47-50,000 tons of urea in this geography over last year's crop. Currently, about 75% of the rice crop has been planted. Most terminals in our market have run out of TSP this week with no additional supply in the domestic market. This could increase DAP demand for Soybeans.

NORTHEAST: Parts of the region got +/- 1 inch of rain over the weekend, which slowed planting. Michigan and eastern Ohio growers have quite a bit more corn to plant yet. With continued warm temperatures and early planting, the side-dress season is expected to begin earlier than normal, probably mid-May. There is still quite a bit of dry product moving to the fields.

MIDWEST: With such an early spring in the region, last week was probably the peak of spring planting. Most dealers can barely keep product in the bins. A lot of pre-plant ammonia has been applied in the last few weeks, but urea sales have also been strong. UAN demand is expected to pick up for side-dress season, which could begin in just a few weeks. Potash sales have been better than expected.

NORTHWEST: Most of the region missed last week's rain and could actually use a little moisture where crops have been planted. A lot of fields still need to be planted in South Dakota, though. Product movement is slowing in Montana this week.

SOUTHWEST: Planting has been stretched out this season across much of the region. Kansas continues to have logistical problems with product delivery. In the western part of the state urea can't get there fast enough. One to two inches of rain fell in Nebraska and eastern Kansas last week, which slowed planting a bit, but there is a lot of corn being planted there. Keeping ammonia in inventory has been very challenging, but interest in urea and UAN is picking up now.