



Weather challenges remain prime foe of field work

To the north, Fargo residents and neighboring communities prepare for record flooding. Snow was predicted yet this week for parts of the Dakotas and Nebraska. Already saturated soils in eastern Iowa and northern Illinois are keeping tractors and applicators out of fields. Winter seems to want to hang on too long throughout the Great Lakes region, as well.

And in the Plains states, the drought continues to get worse, particularly in south and western Kansas, southeast Colorado, western Oklahoma and much of Texas. The current U.S. Drought Monitor rates these areas as being in moderate to severe drought. Forecasters say any shift away from current weather patterns depends on when the lingering La Nina transitions back to El Nino. But most predictions have La Nina hanging around through May.

Dry Nitrogen

Urea

Tight is the word for urea supplies looking forward into spring. Recent industry figures show January imports at 654,000 tons, down 271,000 tons from January '08. Imports from April '08 through March of this year will be about 7.2 million tons, down 2 million tons from the previous year. On the international front, Yara is reportedly having problems restarting its plant in Italy, which has led to more urea sales out of Egypt. Indian officials contend they will be importing less urea this year, but industry analysts suspect it's a ploy to put downward pressure on the markets. While product is tight for spring, predictions are that there will be oversupply in the second and third quarters of this year. If this year's corn acres are similar to last year's and more rice acres go in, there will be more demand pressure on the domestic market. Some of that might be met with product from the slumping industrial sector, but there still appears to be more holes out there than product to fill them.

Ammonium Sulfate

Last week saw two price increases from Honeywell. Honeywell remains behind in shipping for March deliveries. While product is currently tight, more is expected to be available in May and June.

Liquid Nitrogen

UAN

The system is over-supplied and the entire industry is backed up waiting on spring season. Little product is moving yet, and there is growing concern about the logistics problems ahead with what appears to be a compressed spring season. Those customers waiting to buy until later in the spring could have a difficult time getting product because barge equipment is already tight for April and May, and rail capacity will get that way, too, in the coming weeks. CF lowered its cash price last week in the hopes of getting some product moving, but truck terminal tons will remain at a premium. US plants will continue to slow production until product begins to move to the ground. With more tons being slid forward, in-season shipments will be even more compressed. Import levels are also down so far this year, with January UAN imports at just 61,000 tons, compared to 279,000 tons in January of last year.

Ammonia

Demand has started to pick up but the northern cornbelt still needs to dry out. Cash and prepay pricing has weakened a bit, but expectations are that prices should firm up in the coming weeks. Weather will be the biggest factor. Weather NH₃ will have a good spring run.

Phosphates

There has been little change in pricing this week, except for a slight weakening in the Nola price. There are barges and tons available for in-season movement. Most of the major manufacturers are back to near-capacity production. It doesn't appear that pricing will change much throughout the spring season, but summer fill could be a different story. At that point, there are a number of "ifs" that could affect pricing, including China coming back into the market, corn prices, and producer inventories.

Potash

Last week PCS announced it was cutting and additional 1.2 million tons of production and prolonging the laying off of some 940 workers. With inventories too full, there is an estimated 2.5-2.7 million tons of product sitting at the producer level right now, compared to just 1 million tons or less last year. Pricing is all over the board, and the only place where product is moving is in the South although it is slow. Elsewhere, significant K cutbacks are expected at the grower level in many areas. While the two major North American producers continue to hold the line on price, some smaller and international producers seem more willing to lower their price a bit in certain locations to get product moving.

Regional markets

Northeast: Field activity has become much more wide spread with many dealers moving NH₃ and dry tons to the ground. Current weather forecast look to give dealers a couple more good days of running before rain moves back into the area. Growers continue to be somewhat uncommitted on their planting intentions; however the mood has seemed to become more optimistic that corn acres will stay strong, given the current flurry of field activity.

Northwest: Product was being applied last week in parts of eastern South Dakota, but most of the area got another inch of rain over the weekend. Much of the region is struggling with weather challenges, from west Nebraska up through the Dakotas. In Fargo, schools and university classes were cancelled so the whole community could get out and fill sandbags to prepare the city for record flooding. There are concerns about flooding at fertilizer plants near the major rivers there. Sales of MAP are being made into Canada, and even some inquires about potash.

Southwest: There has been steady product movement this past week, with more anhydrous going on. UAN inventories are not moving at all, but urea is. There remains a lot of product to be applied yet.

Southeast: Rain showers have been falling throughout the region this past week, slowing application and field work. Growers in parts of the southern-most states are planting corn and there is a lot of urea being applied. Farther north in Arkansas, product movement from terminals is slower. More rain is expected in the coming week in the northern part of the Delta.

Midwest: Warmer temperatures last week have improved field conditions and allowed for more application. Many farmers still haven't made planting decisions about all their acres yet. Management at one major dealership reported that so far this year they were only at 40% of the normal fertilizer sales level.