

## **Fertilizer prices swing both ways**

### *Urea tumbles again but other products mixed after slow fall applications*

By Bryce Knorr, grain market analyst

Fertilizer prices sometimes head the same direction at both retail and wholesale benchmarks we track. That wasn't the case this week as weather and volatile markets were all over the place as some dealers began posting winterfill prices.

**Ammonia** highlighted this dichotomy. Contracts at the Gulf for December settled \$27 lower at just under \$295 a short ton. But our retail average jumped as some dealers updated offer sheets to reflect the overall price increase seen since spring. Most new sheets are running around \$500 to \$520, though that looks a little higher than replacement cost after the lower trade at the Gulf. Drier conditions over the next week along with warmer temperatures may get some product applied after a very slow fall season. But leftover supplies could be available from dealers who don't want to risk holding inventory in a market that remains uncertain. Rising soybean new crop futures could convince some farmers to drop plans to plant more corn, especially with working capital tight. October imports were 10% behind year ago levels though they improved from September.

**Urea** got cheaper at both retail and wholesale price points last week as the correction from the summer/fall rally continued. Prices at the Gulf were down \$9 last week and fell as much as \$5 to \$12 for some months on Tuesday before firming a little. Our retail average slipped about \$5.50 to just over \$394. Most, but not all of the new offer sheets dropped \$15 to \$20 from prior levels, with typical values running \$380 to \$410. The average is close to replacement cost based on the wholesale market. Net imports surged in October by almost 50%, so there's more product around, but lack of fall ammonia applications could boost demand over the winter. Swaps into spring don't show much of a break, which could be a hint the market may stabilize unless China dumps more supplies on the market.

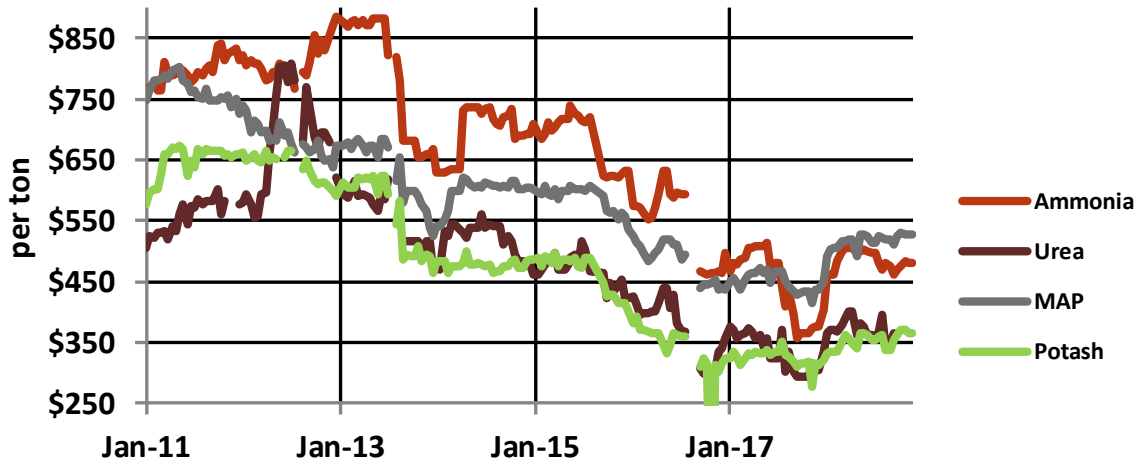
**UAN** looked very cheap all fall because few dealers bothered with offers for new supplies after the application season ended last summer. But prices are now hitting the market and they reflect the rebound seen over the fall. Our retail average for 28% jumped \$8 to \$254, and the new listings run \$270 to \$285. That's still below the current replacement cost of \$312, but that value is headed lower according to the swaps trade for winter contracts, which should keep expenses below \$300. Imports also jumped in October, nearly doubling low levels seen in September.

**Phosphate** costs finally softened this week, which is what we've been expecting after a pullback at wholesale price points. Slow fall applications and reduced expense for the nitrogen component of products combined to push down the Gulf index for DAP to \$400 last week. That translates into a replacement cost of just under \$500 at the retail level, where our average fell \$2 to \$513. Updated offers are bunched in the \$510 to \$525 level.

**Potash** prices were mixed last week but the overall tone of the market remains the most firm of any of the nutrients. Though the Gulf cost slipped \$1 to \$292, Midwest terminals held prices steady at \$318. Wholesale values suggest replacement costs above \$400 except for those near supply points. Our average retail value rose \$4.50 to \$373, with new offers are ranging from \$380 to \$400. Imports in October were down a little from both year ago and September levels as companies continue to manage supplies to keep prices from falling.

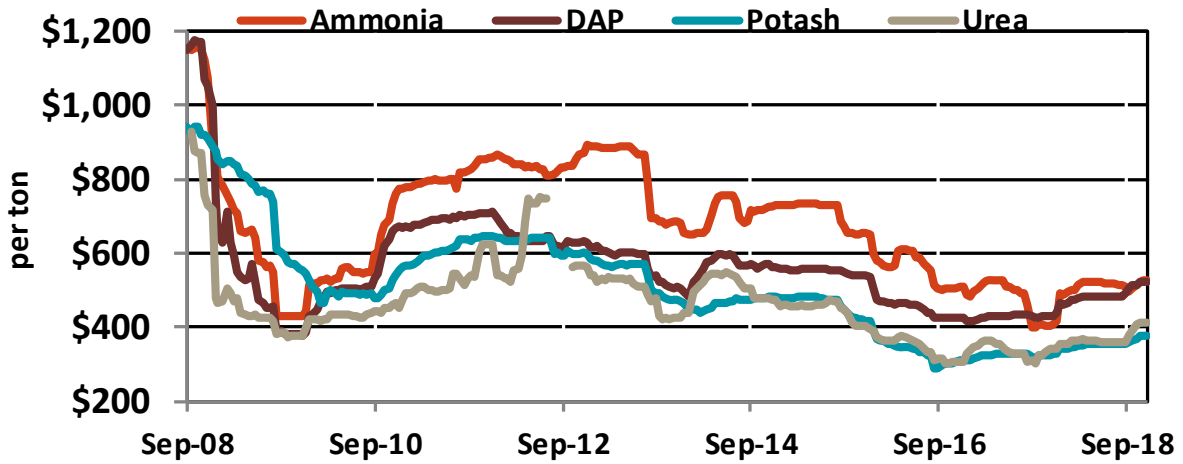
*For more information about national and international fertilizer markets, go to [Fertecon.com](http://Fertecon.com).*

## Iowa Fertilizer Prices



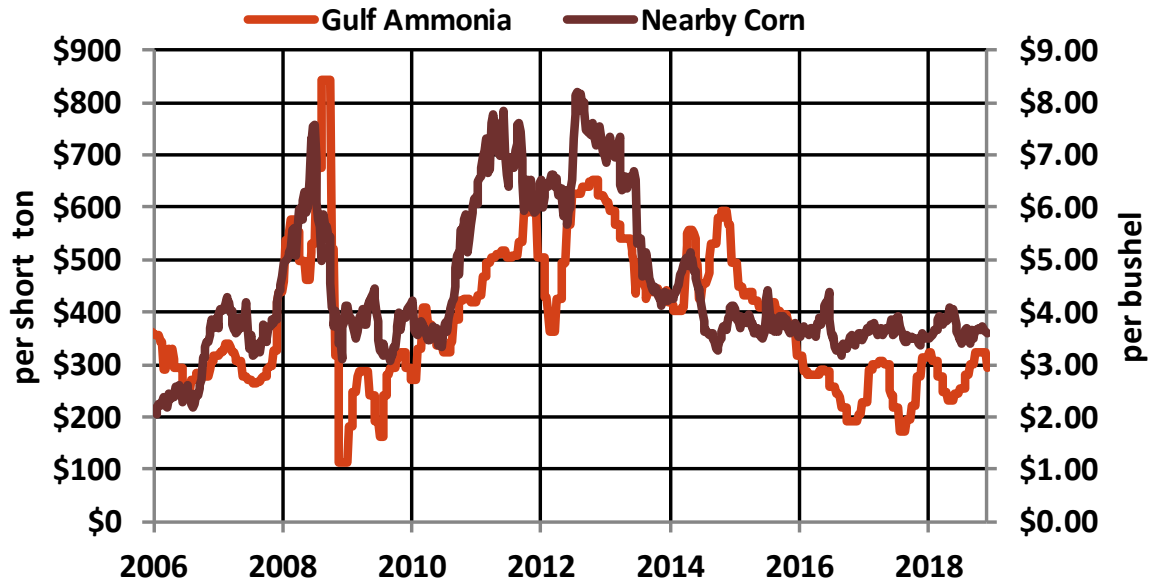
Source: USDA

## Illinois Fertilizer Prices



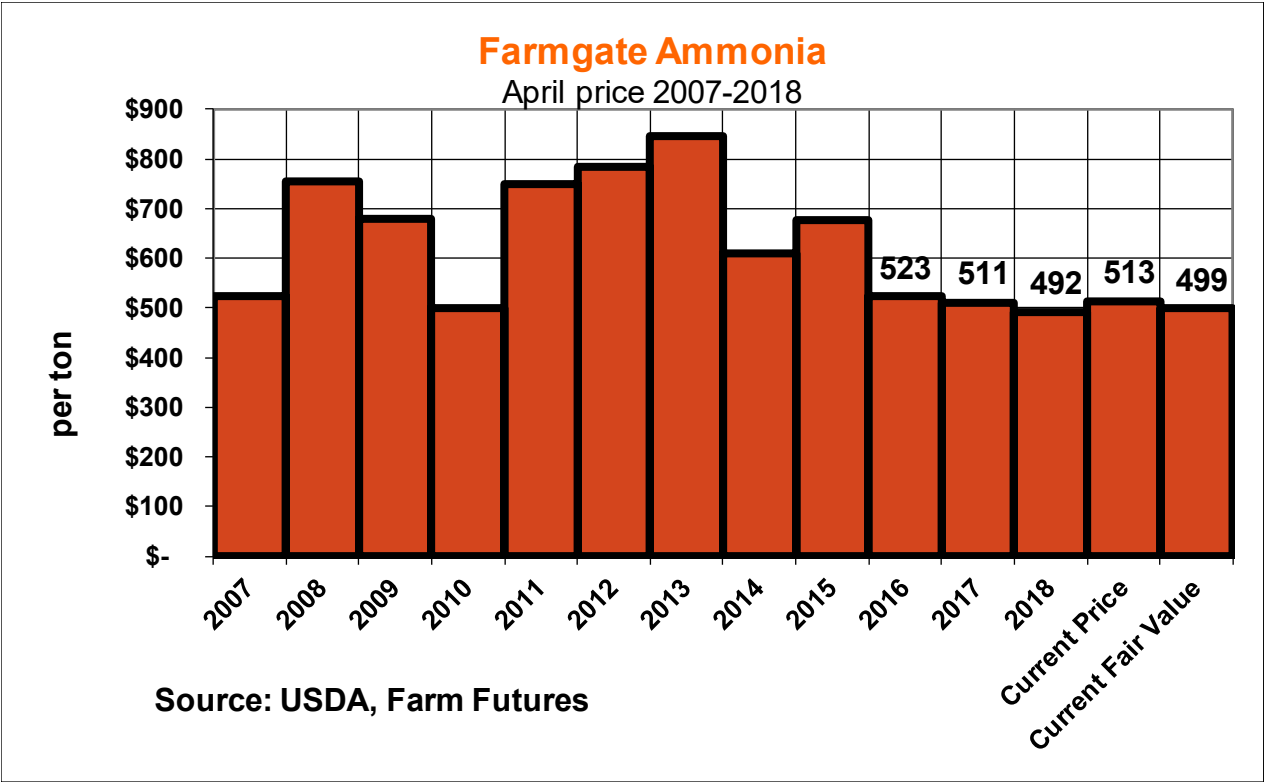
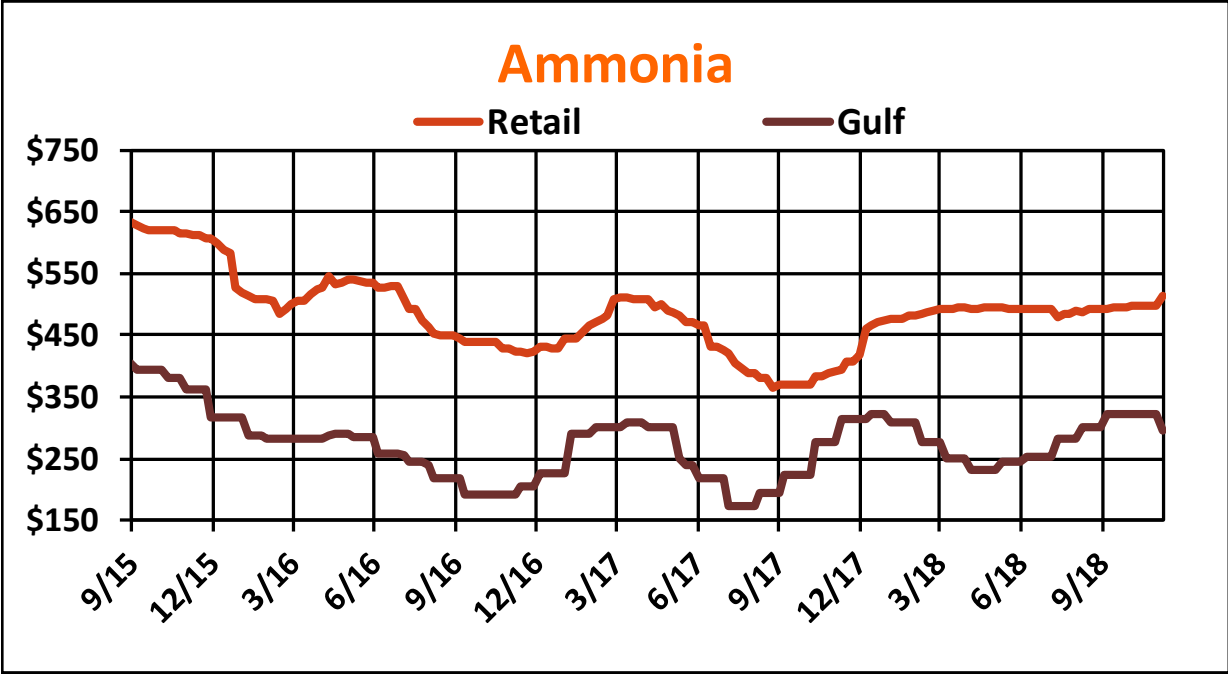
Source: USDA

## Ammonia vs Corn

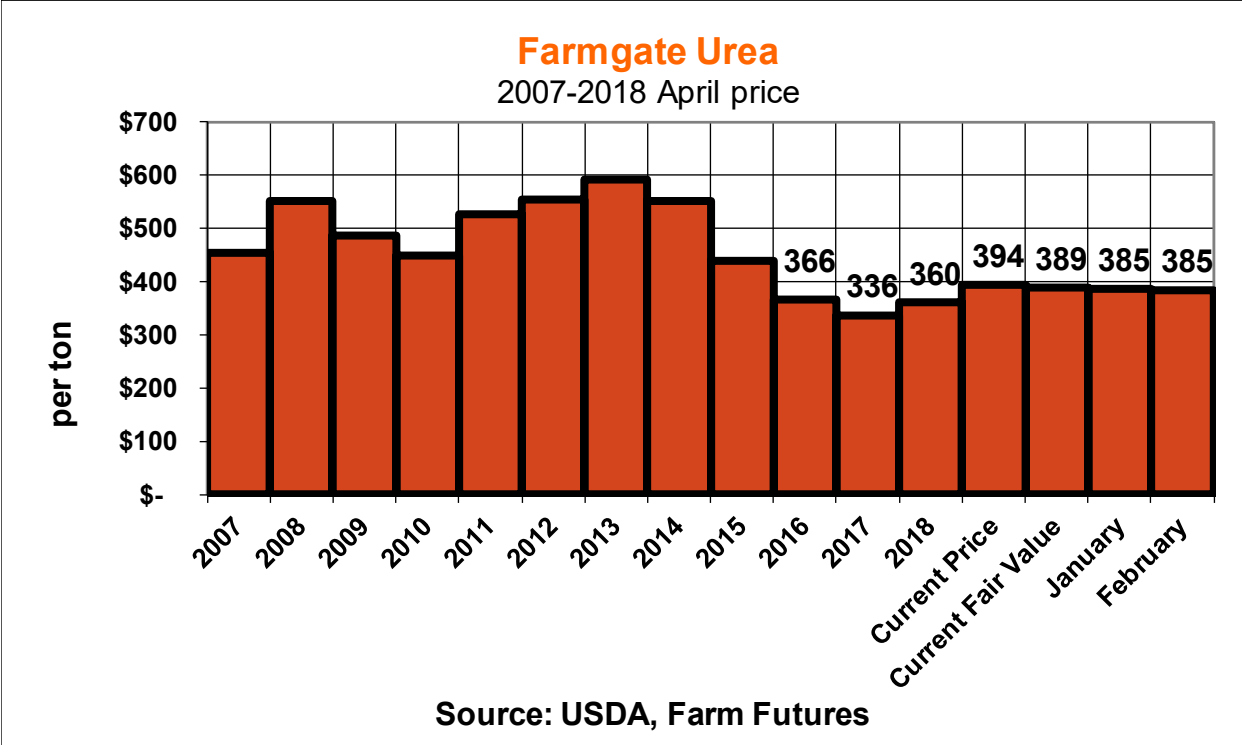
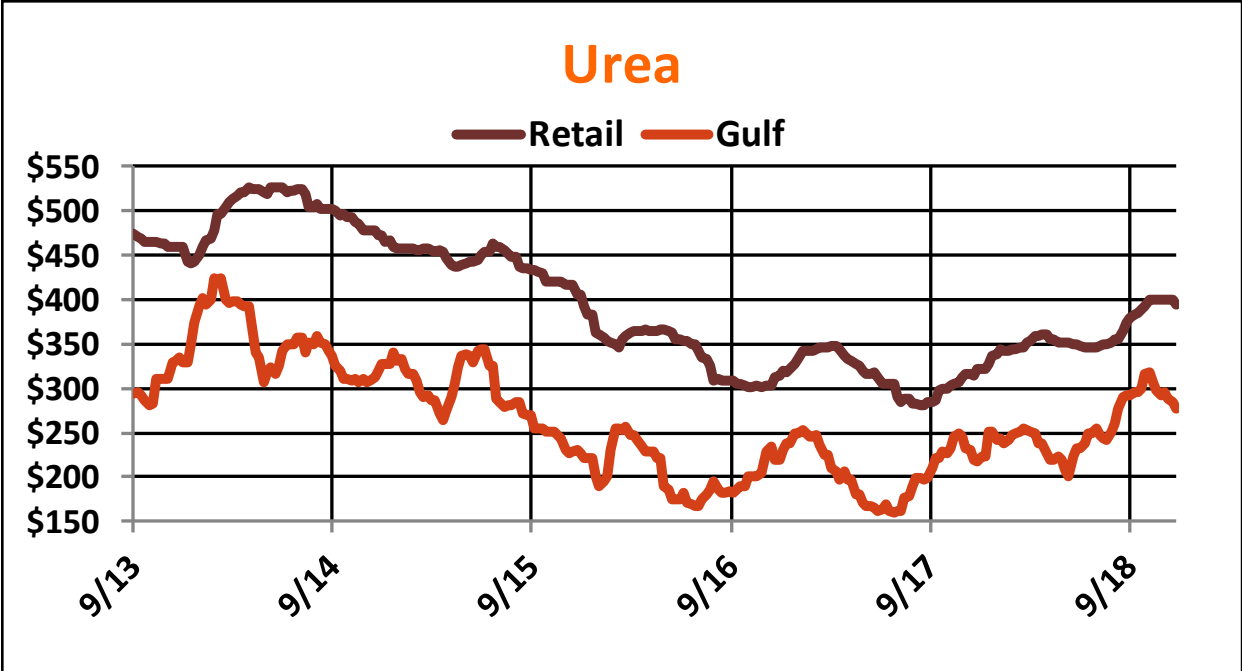


## AMMONIA IMPORTS/EXPORTS



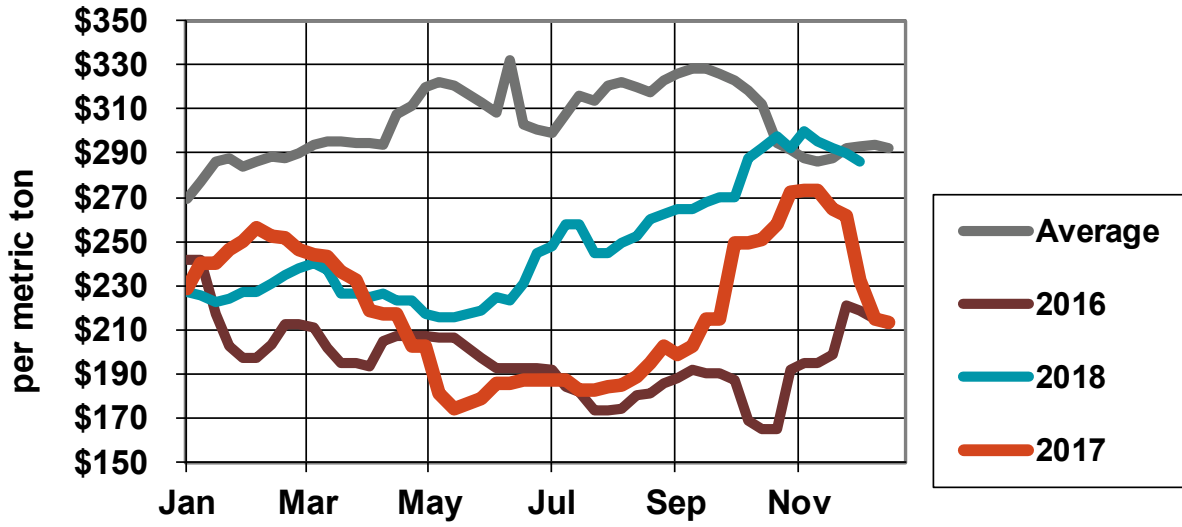


NOTE: "Fair Values" are projections of what current farmgate cost of product should be, based on international wholesale price points.

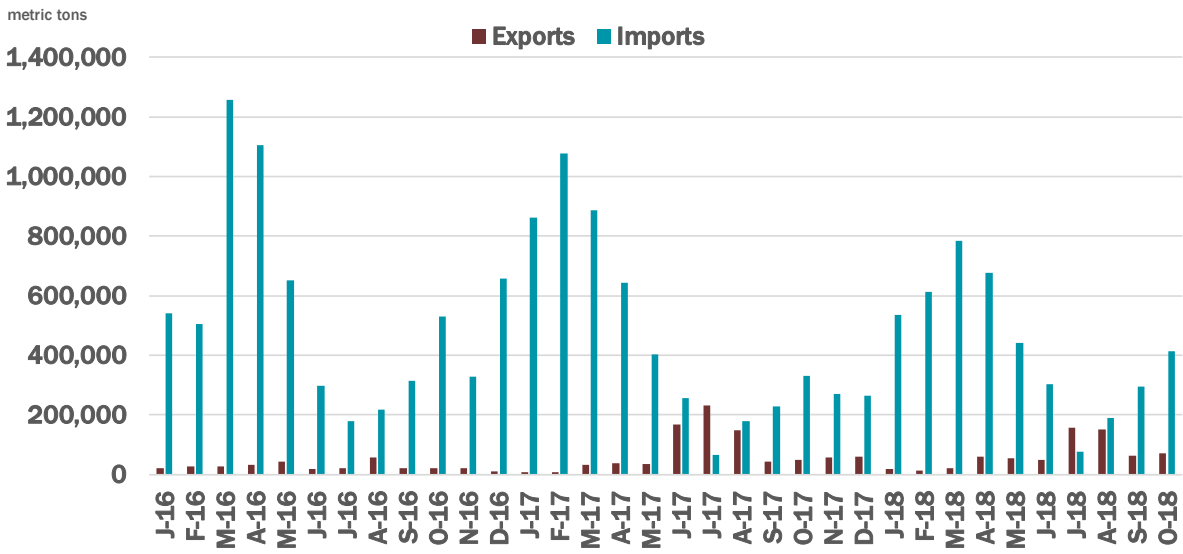


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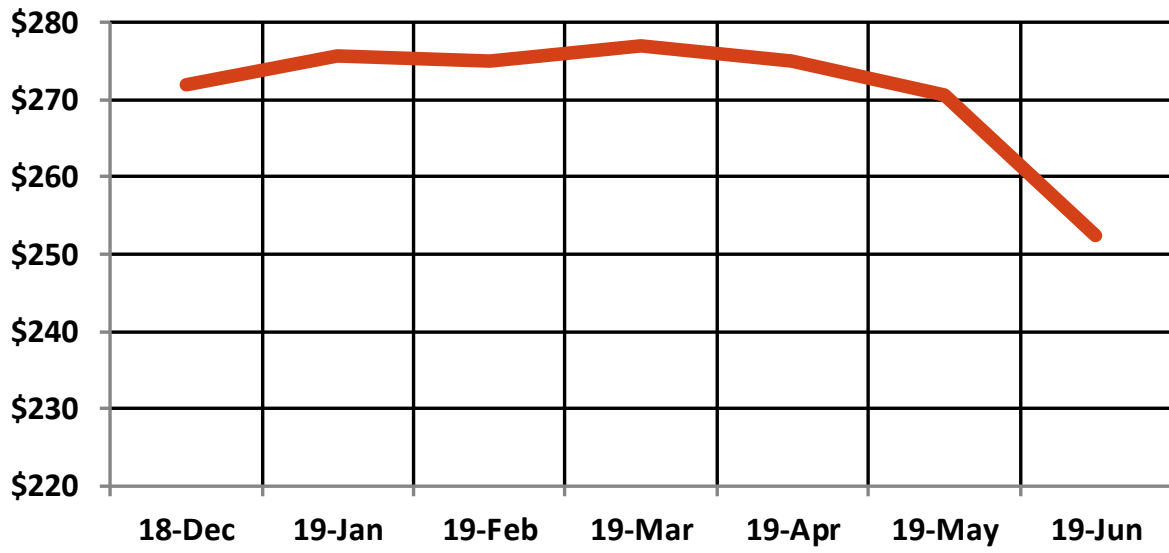
### Black Sea Urea 2004-2013 Ave.

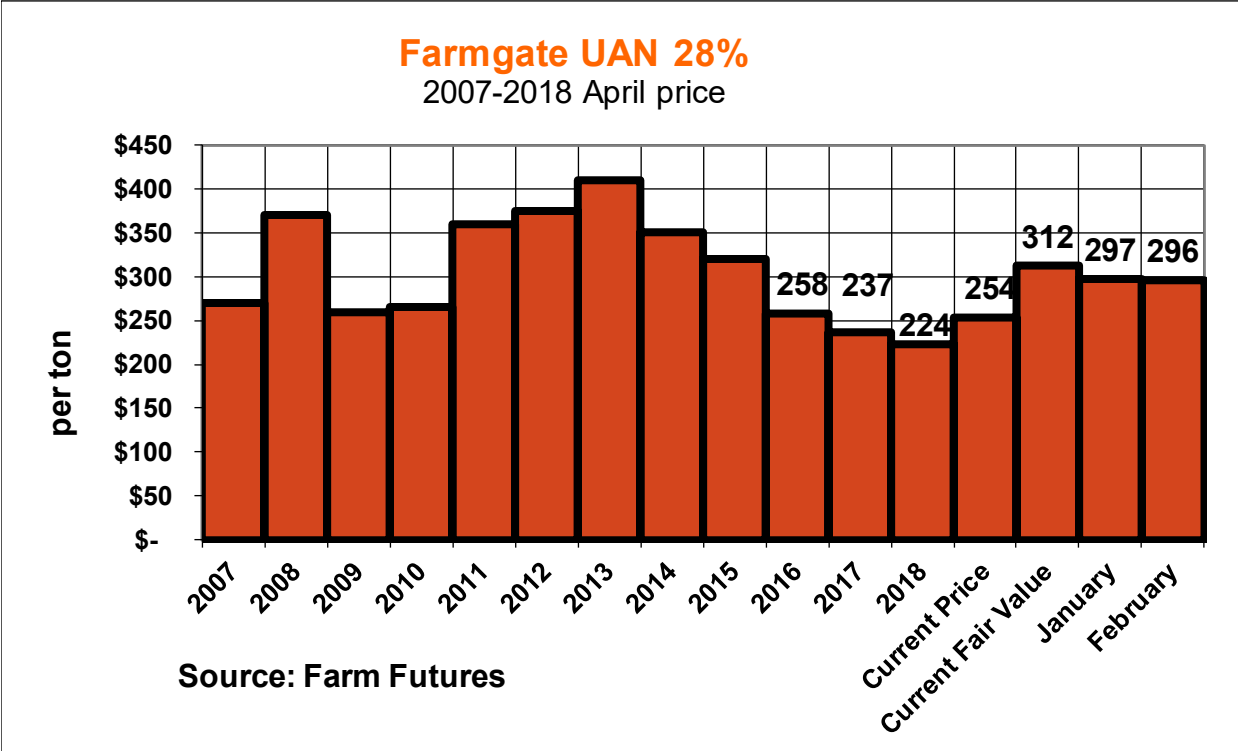
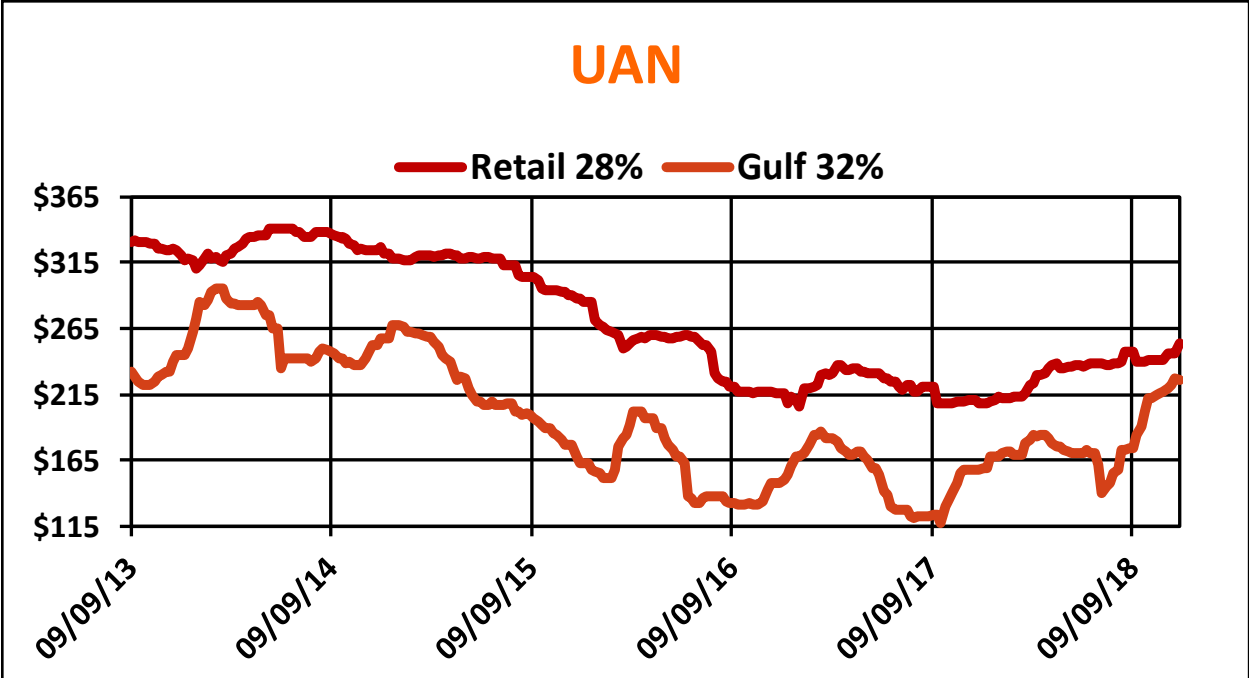


### UREA IMPORTS/EXPORTS



## Gulf Urea Swaps Curve

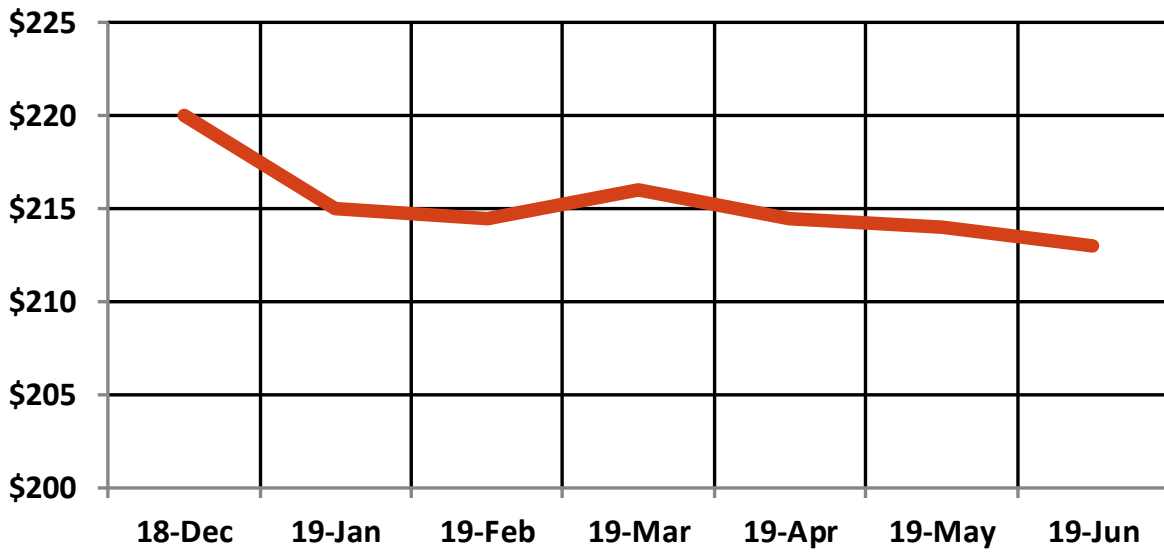




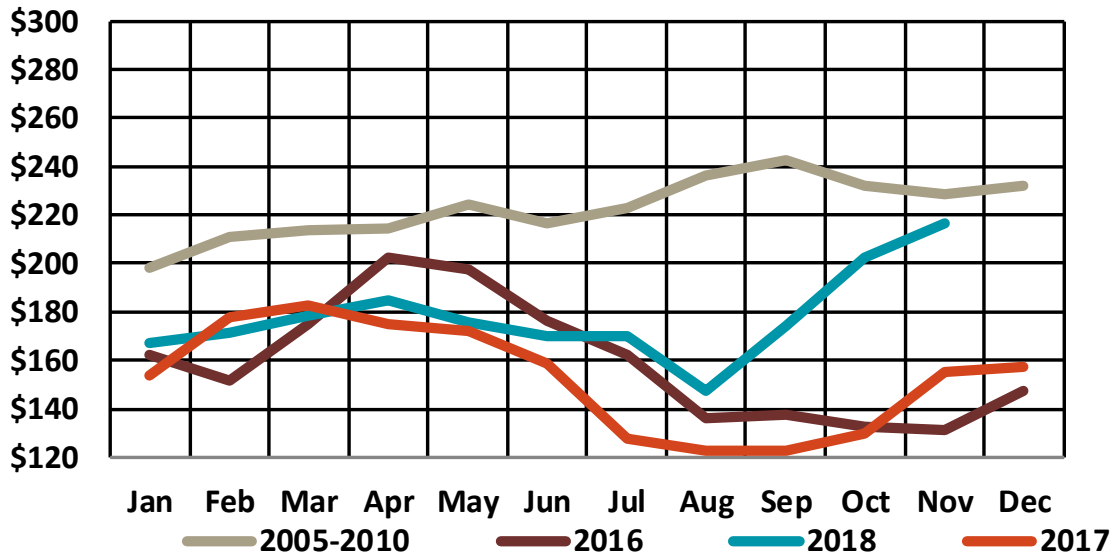
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## Gulf UAN (32%) Swaps Curve



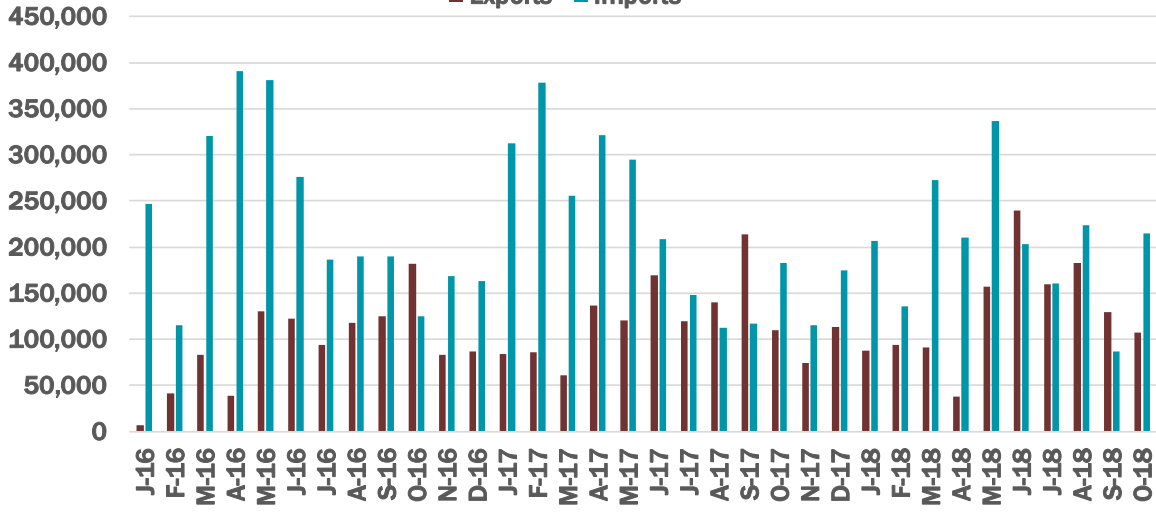
## UAN Gulf

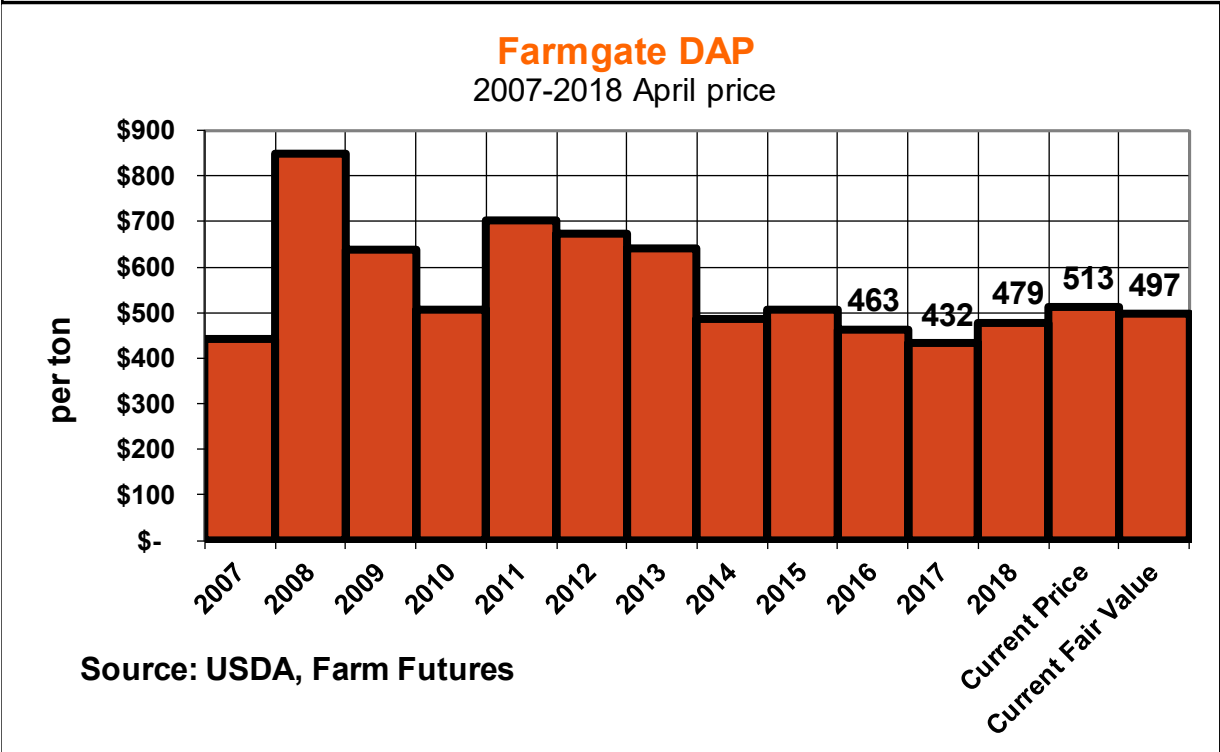
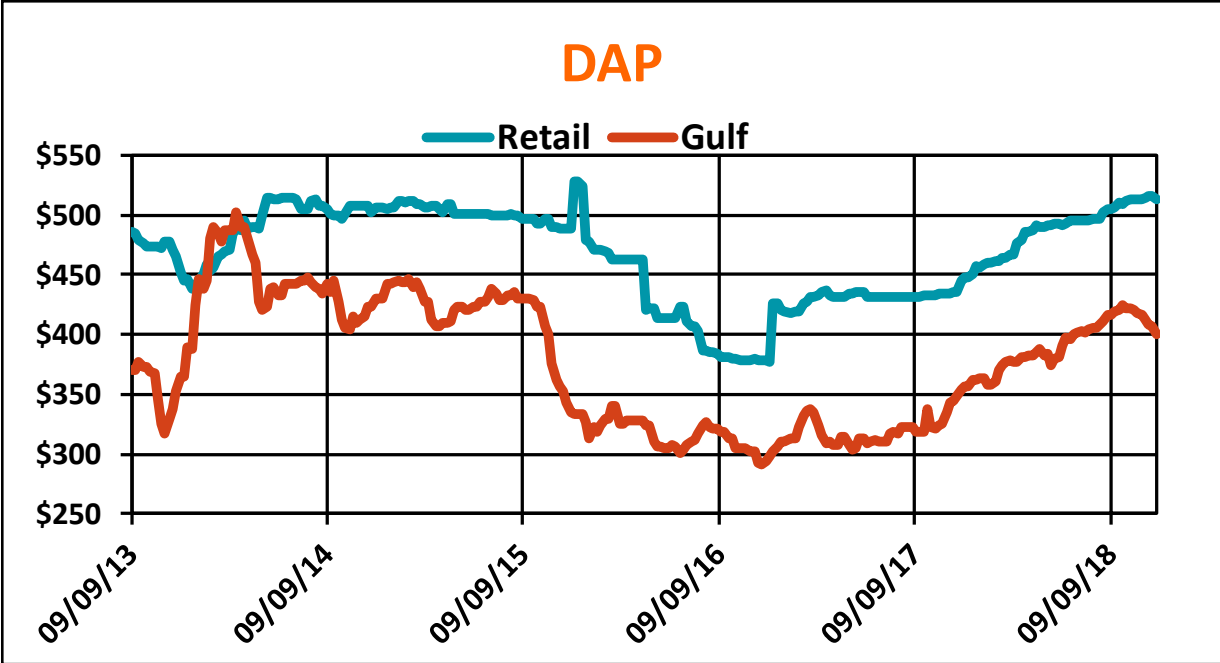


# UAN IMPORTS/EXPORTS

metric tons

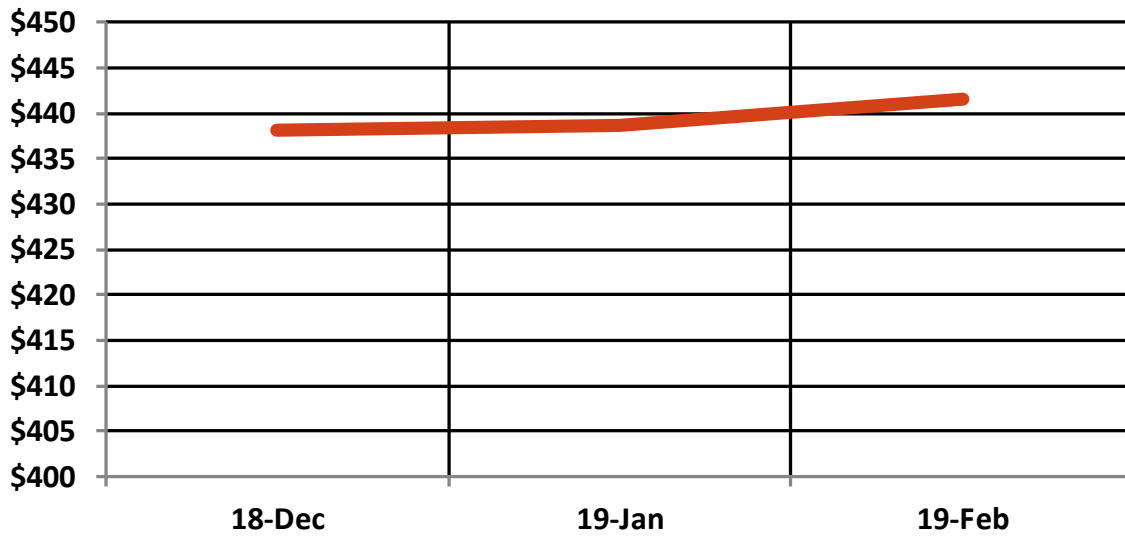
■ Exports ■ Imports





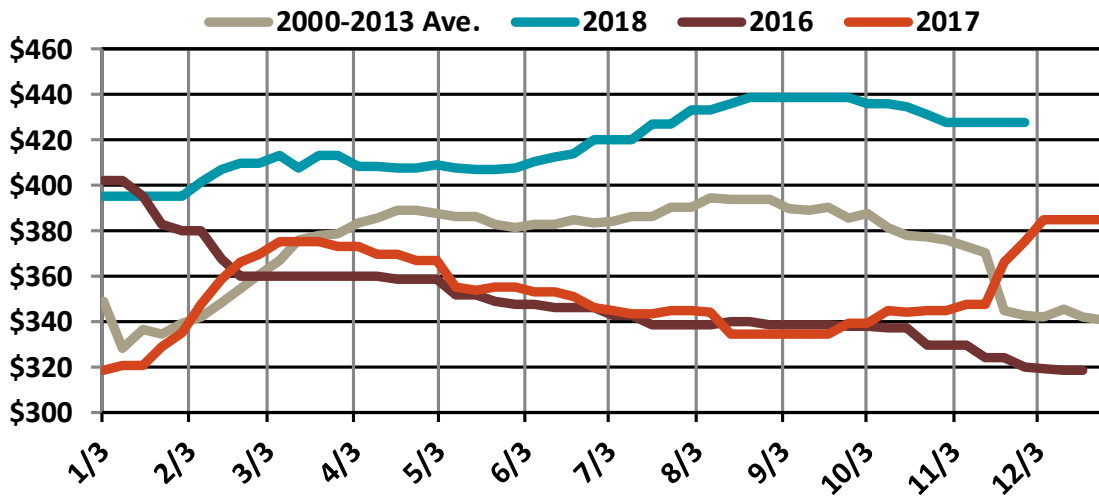
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## Gulf DAP Swaps Curve

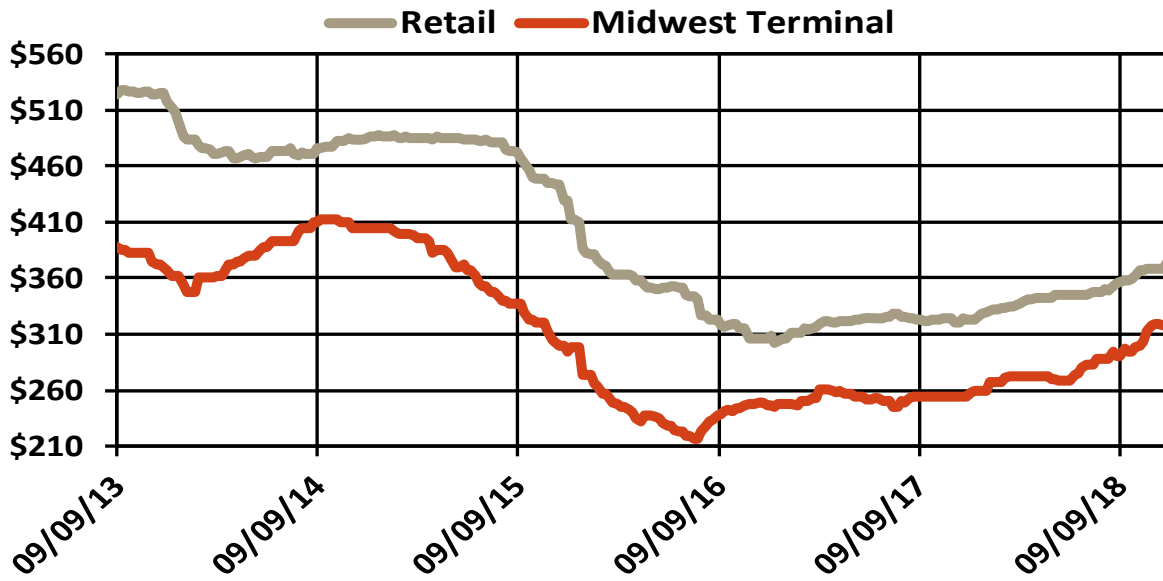


## Tampa DAP

metric ton

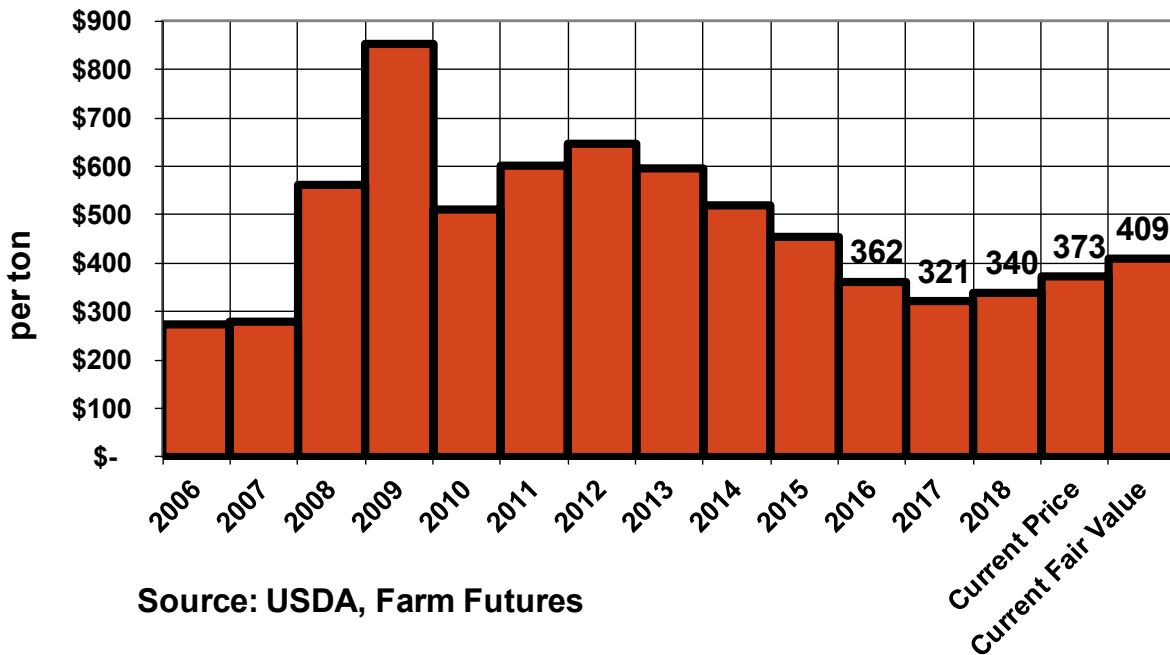


## Potash



## Farmgate Potash

2006-2018 April price



NOTE: "Fair Values" are projections of what current farmgate cost of product should be, based on international wholesale price points.

