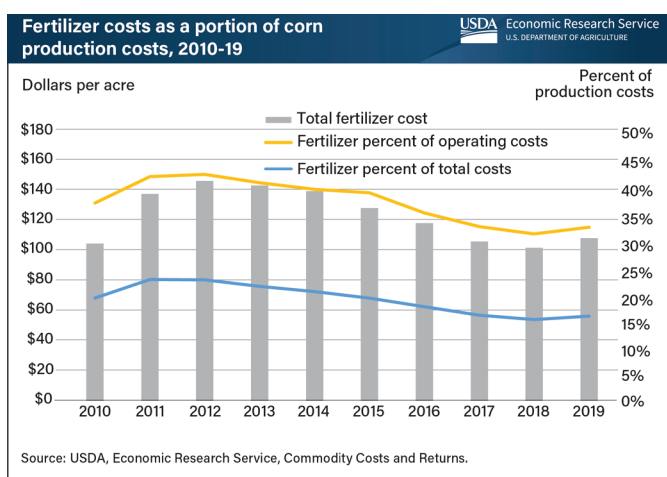


Trends in Fertilizer Prices Continue to Shape U.S. Crop and Livestock Outlook

USDA

Economic Research Service (ERS) reports production costs for corn and other major commodities in Commodity Costs and Returns, which includes estimated fertilizer costs for corn at the national level. From 2010 to 2019, fertilizer was a major expense in U.S. corn production, accounting for 33 to 44 percent of operating cost.



Fertilizer also comprised 16 to 24 percent of the average corn producer's total costs, which include overhead charges like land costs, machinery depreciation, and farm taxes. Prices for fertilizer have risen since August 2020, with an even more pronounced surge starting in January 2021. The chart is drawn from ERS's Commodity Costs and Returns data product.

Timely Issues for Western Agriculture

An April 8th Ag In Uncertain Times webinar featured a presentation by Rhett Adams, J.R. Simplot's Senior Director for NPK Product Lines: "Simplot NPK Overview."

"...markets will be lower at some point, but right now it's going to be tough to move significantly lower over the next two months. I wouldn't be alarmed if resets this summer are later than they have been the last couple of years due to those really light inventories across the whole supply chain."

"In terms of the nitrogen market, I think the fundamentals of nitrogen markets and current high prices will drive enough production and seasonality, that demand will move lower and that will help bring nitrogen prices down overall but probably not until mid-summer."

"With countervailing duties for phosphates in place, how do prices adjust long-term? It's really going to depend on how supportive grain prices will be and the perspective of world phosphate suppliers. In the long term, those factors will drive that bus. Potash supply constraints and how long will those last? I think the current firmness for potash will probably take into the fall for producers to get caught up. We're seeing a couple of signs of weakness, but overall I think that markets are going to remain firm as we move forward."

For more information:

* To access a recent ERS newsrelease on fertilizer prices, see:

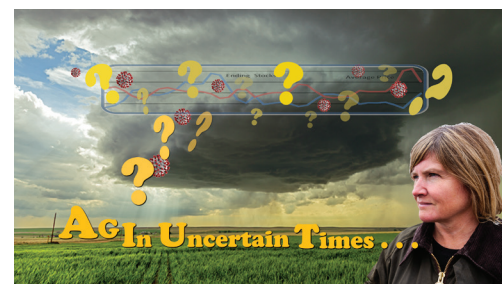
<https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=100882>

* To access ERS Commodity Costs and Returns, see:

<https://www.ers.usda.gov/data-products/commodity-costs-and-returns/>

* To access the recent Ag In Uncertain Times Timely Issues for Western Agriculture webinar, including a presentation addressing fertilizer price expectations, see:

<https://www.farmmanagement.org/aginuncertaintimesenglish/2021/04/08/april-8th-2021-webinar-recordings-timely-issues-for-western-agriculture/>



How Much Risk is Right for You?