

Experts discuss dynamics of spring nitrogen demand

Are additional gov't regulations on the horizon?

WHEN it comes to securing an adequate supply of fertilizer for Illinois farmers, quite a few issues keep Jean Payne busy. Lately, the Illinois Fertilizer and Chemical Association president says one thing has been on her mind above all else: governmental regulation.

After a fall whirlwind tour of symposiums, conventions and meetings, Payne says the environmental groups' grumbings are getting louder. She wouldn't be surprised if these groups gain enough clout to force U.S. EPA's hand in passing additional fertilizer regulations.

"These environmental groups are on the cusp of suing to enact strict nutrient standards for all bodies of water," Payne notes.

Payne strongly recommends farmers start preparing for the coming storm. Specifically, she says it's time to put together a written fertilizer plan for the farm. Whether this is a spreadsheet or field-by-field narrative, it should document the farmer's reasoning behind applying nutrients.

"It can be done in a variety of ways, as long as you can defend your decision-making process with sound agronomic principles," she adds.



FALL VS. SPRING: A relaxed fall season should ease the supply pressure for spring anhydrous ammonia applications. However, prices may trend upward in the future.

By JOSH FLINT

NOW would be a good time to pull out that crystal ball and look forward to spring to get a handle on nitrogen prices. Can't find it? That's OK. A couple of industry analysts provided *Prairie Farmer* with their advice for the coming season.

Joe Dillier, Growmark's plant food manager, expects nitrogen prices will be tied at the hip with grain prices for the foreseeable future. Since July, Dillier has watched as wholesale anhydrous ammonia at Midwest terminals jumped more than \$200 per ton. This was a direct result of the corn market rally, he adds.

"It was a lot bigger price move than I ever anticipated in July," Dillier notes. Prices have risen to near \$700 a ton, and supply is tight.

With demand very strong, he expects most retailers will be completely empty going into winter. Therefore, if corn prices look bullish, expect N prices to follow.

"The grain markets will really show us where the price is headed," Dillier says. "That's not always the case. Take 2005, for instance. Anhydrous ammonia prices responded to the tight natural-gas supplies that came in the aftermath of Hurricane Katrina."

Dillier recommends layering in N costs this year along with marketing the corn crop. Selling and buying together should help reduce the risk of overpaying.

Demand-driven

Jean Payne, president of the Illinois Fertilizer and Chemical Association, says prepaying will probably pay off this spring.

Key Points

- Since the July rally, nitrogen prices have been following corn closely.
- Unlike in 2008, experts say prepay programs should pay off this year.
- A relaxed fall season should give farmers plenty of opportunity to layer in N costs.

When talking about prepay, a lot of folks instantly think back to 2008, when the practice didn't pay off.

However, Payne says this year is different. First off, the industry has not seen the lightning escalation in prices that came on the heels of 2008 grain prices. That said, corn prices have been quite bullish through this year's harvest. So, while it may not reach the \$1,000-per-ton mark, don't think it won't creep up over the winter, she adds.

In addition, Payne says a lot of the current price situation is a result of global demand. "Too often we get hung up on how much it costs to make anhydrous ammonia," she notes. "Instead, we need to realize how much demand is coming from China and India."

Retailers still remember the 2008 season very well. One of the big lessons they learned was inventory management. "They will not forget the massive amount of write-downs they had in 2008," she adds.

Even though they're likely to be more cautious when loading up on stocks, Payne anticipates supply will be adequate, thanks in large part to having a fall application season, something farmers haven't experienced since the last "normal" fall of 2007.

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CROP STARTER

Too Wet and Too Dry Left Depleted Soils



By Rob Pesek



Rob Pesek

As we head into the winter months and prepare for the 2011 crop year, it is important to first look back and consider what our soils endured in 2010.

Some soybean-growing areas of the country had too much rain from start to finish, while other areas had equal shares of flooding and drought. If your fields suffered flooding, drought or a mixture, counteractions are necessary this spring if you want to ensure the best, healthiest and most profitable start for your soybeans.

When your fields flood, long periods of soil saturation and anaerobic conditions decrease nitrogen-fixing, rhizobial bacteria populations. Silt deposited by a flood may seal the ground against airflow, depriving rhizobia of the oxygen necessary to survive and grow.

Even though too much water can strangle rhizobial populations, not enough of it can have similar effects. Like most other bacteria, rhizobia require adequate soil moisture to live

and grow in the soil. Long periods of drought can desiccate and weaken or deplete rhizobia populations.

Rhizobia that survive these and other environmental stresses are usually in a dormant or stationary phase, whereas active rhizobia usually die. The surviving rhizobia are often more effective at defending against environmental stresses and are not necessarily good at forming nitrogen fixing nodules.

Because rhizobia are essential for fixing nitrogen for the next soybean crop, they must be replenished through the use of inoculants. *Optimize*® 400 with *LCO Promoter Technology*® utilizes a premium inoculant as a carrier, but also provides additional benefits. It enhances root development and nodulation, improves vigor and emergence which leads to better plant health and higher yields and ROI. If you have any questions for the Crop Starter on getting your corn or soybean crops off to the best start, please contact me at:

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