

Uncertainty Surrounds Fertilizer Prices

A driver for nitrogen supply will be Mid-West crop mix.



Are we seeing the last of these in the Mid-West?

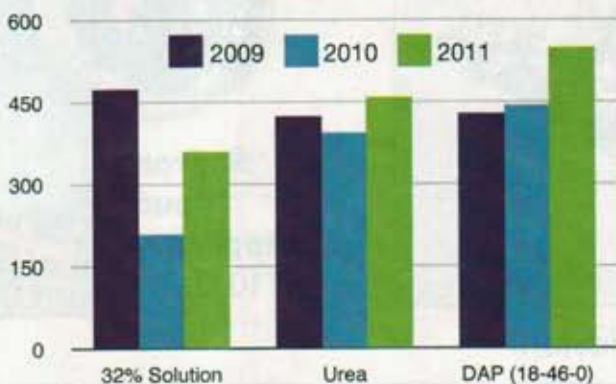
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THE FIGHT for U.S. acreage and the uncertainty surrounding the world's food versus fiber dilemma are sending mixed signals on retail fertilizer prices.

With cotton over \$1 per pound and corn approaching \$6 per bushel in late January, growers' final decisions on crop mix could be dramatically affected. Add that to the fact that the Mid-West is shifting away from anhydrous ammonia to 32% solution or urea, and there could be a shortage of nitrogen products at planting.

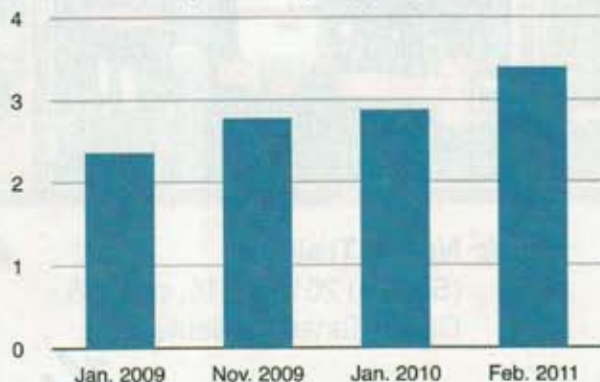
For instance, a blanket recommendation for nitrogen needs in cotton just simply does not exist. Or does it? Extension services often recommends nitrogen rates that are adjusted for peak potential yield. Since all land is not created equal, recommendations range from 45-50 units of nitrogen per bale of

Grower Nitrogen Prices
(dollars per ton)



Source: Average of independent information from various sources.

Retail No. 2 Diesel Fuel
(in dollars per gallon)



Source: Energy Information Administration

potential yield on sandy loam, to 60-70 units on clay soils. But many growers *do* make that blanket application, putting down 60 units at

planting and another 60 as a sidedress.

For corn, Extension recommendations range from 1.1 to 1.3 units per bushel of anticipated yield.

What Will the Mid-West Plant?

Looking at the numbers and staying with Extension recommendations, a grower anticipating a yield of 2 bales per acre on sandy land would use around 100 units. A grower anticipating 180 bushels of corn per acre would use well over 200 units.

And that's the rub. With soybean prices breaking the \$13 barrier, will Mid-West growers shift to soybeans rather than corn? If so, it would be good for Cotton Belt growers because the supplies of nitrogen would increase.

Meanwhile, with crude oil prices hovering around \$90 per barrel,

about the only sure thing is that diesel prices will be around 50-cents higher than they were at this time last year. ■