Agricultural Markets
Situation and Outlook

March 11, 2021
Use the Q&A tool to ask questions
Rising Fertilizer Costs and Stimulus Round 3

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Average Weekly Retail Anhydrous Prices

Week Ended 03/05/21

$600

$550

$500

$450

$400

Jan  Feb  Mar  Apr  May  Jun  Jul  Aug  Sep  Oct  Nov  Dec

2021  2020  2019  5Yr Avg

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Recent Paper Suggests Anhydrous could go over $600 per ton

- Ibendahl believes prices could continue to rise through the fall.
  - model predicts national anhydrous ammonia prices could reach $600 per ton before falling off some in the fall.
    - In some places it is already well above $600 per ton

- I believe this will push UREA close to $550 per ton
<table>
<thead>
<tr>
<th>Product</th>
<th>High</th>
<th>Low</th>
<th>Avg</th>
<th>prev</th>
<th>Chg</th>
<th>#</th>
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</thead>
<tbody>
<tr>
<td>Anhydrous</td>
<td>615</td>
<td>505</td>
<td>607</td>
<td>533</td>
<td>74.29</td>
<td>14</td>
</tr>
<tr>
<td>UAN 32%</td>
<td>350</td>
<td>240</td>
<td>342</td>
<td>301</td>
<td>40.86</td>
<td>14</td>
</tr>
<tr>
<td>Urea</td>
<td>490</td>
<td>321</td>
<td>467</td>
<td>439</td>
<td>27.95</td>
<td>22</td>
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<td>DAP 18-46-00</td>
<td>650</td>
<td>525</td>
<td>623</td>
<td>590</td>
<td>33.33</td>
<td>6</td>
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<tr>
<td>MAP 11-52-00</td>
<td>730</td>
<td>695</td>
<td>702</td>
<td>677</td>
<td>24.38</td>
<td>16</td>
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<tr>
<td>Potash</td>
<td>450</td>
<td>380</td>
<td>426</td>
<td>411</td>
<td>15.00</td>
<td>22</td>
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<tr>
<td>Starter 10-34-00</td>
<td>585</td>
<td>585</td>
<td>585</td>
<td>500</td>
<td>85.00</td>
<td>13</td>
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</table>
What else is in 3rd Stimulus Package

• $1,400 checks per individual making less than $75k, or married couples making less than $150k
  • This includes dependent children
  • Family of 4 w/ kids gets $5,600

• $2,000 child tax cred moved to $3,000 per child

• For children under 6, Credit moves to $3,600

• Extending the federal unemployment benefits to Sept 6th ($300 on top of the state unemp. Benefits rate)
Concerns over inflationary Pressure

• Investors worried new stimulus money will cause inflation

• Bond prices for longer term bonds at current interest rates fall

• Bond yields move inversely to bond prices (since the interest payment rate is fixed)
FED Tweaking its bond buying program

• Operation Twist
  • Fed unloading many of its shorter term bonds and buying up longer term T-Bonds
    • 10 year notes
US Treasury yield curve steepens dramatically since start of pandemic

Yield curve on Jan. 12, 2021
Yield curve on Feb. 26, 2020

Source: U.S. Treasury Department
FOMC Participants' Assessments of Appropriate Monetary Policy: "Dot-Plot"

Blue dots indicate the median projection. Data is based on the economic projections published on September 16, 2020. Red dots indicate the effective rate implied by the year-end FedFund future price.
Ad Hoc Payments the last 3 years

• 2018 MFP 1 Total Payout
  • Approximately $9,000,000,000 (Billion)

• 2019 MFP 2 Total Payout
  • Approximately $14,3000,000,000 (Billion)

• 2020 CFAP 1
  • Approximately $10,200,000,000 (Billion)

• 2020 CFAP 2
  • Approximately $14,000,000,000 (Billion)
Other Notes

• NDSU crop compare tool
• NDSU ARC-PLC Calculator
• NDSU ARC-IC Tool
• Nitrogen Decision Tool
• PP Analysis
• Grain Storage Costs
  • https://www.ag.ndsu.edu/farmmanagement/tools
Be Prepared for Price Volatility

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U.S. Soybean – Total Prod. & Use

(Billion Bushels)

Mar. 9, 2021 WASDE Report & Oil Yearbook Table 3
U.S. Corn – Total Production & Use

(Billion Bushels)

Stocks-to-Use
Total Production
Total Use

Stocks-to-Use Ratio

Mar. 9, 2021 WASDE Report & USDA – Feed Grains Data Base Table 4
U.S. All Wheat – Total Prod. & Use

(Billion Bushels)

- Stocks-to-Use
- Total Production
- Total Use

Mar. 9, 2021 WASDE Report & Wheat Yearbook Table 6
Nearby MGEX Spring Wheat Prices
U.S. Drought Monitor

March 9, 2021
(Released Thursday, Mar. 11, 2021)
Valid 7 a.m. EST

Drought Impact Types:

~ Delineates dominant impacts
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

None
D0 Abnormally Dry
D1 Moderate Drought
D2 Severe Drought
D3 Extreme Drought
D4 Exceptional Drought

Author:
Brian Fuchs
National Drought Mitigation Center

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to https://droughtmonitor.unl.edu/About.aspx

droughtmonitor.unl.edu
USDA – Prospective Plantings and Quarterly Grain Stocks reports

11:00 am CT
Wednesday, March 31, 2021
LIVESTOCK PRICE SITUATION AND OUTLOOK

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BEEF COW INVENTORY:
January 1, United States and Canada, Annual

Mil. Head (US) vs. Mil. Head (Canada)

- United States
- Canada

Years: 2006 to 2021

Legend:
- United States
- Canada
North American Drought Monitor

2021?
CATTLE ON FEED
US Total, Monthly

CATTLE ON FEED
Alberta & Saskatchewan Total, Monthly

Avg. 2015-19  2020  2021

Avg. 2015-19  2020  2021
Farm Service Agency Deadlines

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Quality Loss Adjustment Program

QLA sign up deadline extended from March 5 to April 9

Wheat protein as a quality loss to be determined
Agricultural Risk Coverage and Price Loss Coverage Program

ARC/PLC 1.4 Million farms have signed up
About 81%

New FSA data just released March 8 (a little late in the game)

Deadline is March 15

ARC-CO, PLC, ARC-IC
Crop Insurance

Crop insurance sign-up deadline is March 15

This includes:
Supplemental Coverage Option (SCO)
Enhanced Coverage Option (ECO)
Non-insured Crop Disaster Assistance Program (NAP)

NAP insurance sign-up deadline is March 15

Spring planted crops and perennial forages
Conservation Reserve Program (General Sign-up)

CRP general sign-up has an indefinite deadline

Contact your FSA office
Coronavirus Food Assistance Program (CFAP)

CFAP AA “CFAP 3.0” is still under review
Secretary Vilsack said a decision is several weeks away

Sign-up deadline will be set 30 days from final decision
Energy Outlook

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Corn-Ethanol
Situation and Outlook

High corn prices – hurting margins
Disruptions from Texas Power Crisis impacted production

Economic recovery – increased use
Export recovery - China
Weekly US Ethanol vs Gasoline Supplied

Billion Gallons Annualized

2020, Ethanol Input
2020, Gasoline
2021, Ethanol Input
2021, Gasoline

NDSU Extension Agribusiness
Exclusive: Three ships carrying U.S. ethanol head to China - sources

Top US Ethanol Export Destinations

By Stephanie Kelly, Hallie Gu

Thousand Barrels per Month


Brazil Canada China Colombia
Please use the Q&A tool to ask questions

The next webinar is scheduled for 1 pm CT Thursday, March 11th

For the slides and recording of this webinar please visit ag.ndsu.edu/farmmanagement/outlook

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