Agricultural Markets
Situation and Outlook

January 14, 2021
Fertilizer Prices Mixed Heading into 2011

Bryon Parman
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Bryon.Parman@ndsu.edu
Diammonium Phosphate (DAP) 18-46-0

Average Weekly Retail DAP Prices

Week Ended 01/08/21

$/ton

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

$380 $400 $420 $440 $460 $480 $500 $520

2021 2020 2019 5Yr Avg

DTN
Monoammonium Phosphate (DAP) 11-52-0

Average Weekly Retail MAP Prices

Week Ended 01/08/21

$560

$540

$520

$500

$480

$460

$440

$420

$400

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

2021 | 2020 | 2019 | 5Yr Avg
Potash Prices

Average Weekly Retail Potash Prices

Week Ended 01/08/21

$400
$390
$380
$370
$360
$350
$340
$330
$320

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

DTN

2021  2020  2019  5Yr Avg
Urea: 46-0-0

Average Weekly Retail Urea Prices

Week Ended 01/08/21

DTN

$490

$470

$450

$430

$410

$390

$370

$350

$330

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

2021 2020 2019 5Yr Avg
Price Change from 1 Year Ago (Per Ton)

• DAP
  • $435 - $482 (+11%)

• MAP
  • $444 - $543 (+22.3%)

• Potash
  • $375 - $369 (-0.016%)

• Urea
  • $358 - $368 (+0.027%)

• 10-34-0
  • $471 - $464 (-0.027%)

• NH3
  • $486 - $470 (-0.03%)

• UAN 28
  • $237 - $209 (-0.12%)

• UAN 32
  • $272 - $251 (-0.08%)
Production Was Cut 2019 into 2020

From Reuters

Supply of phosphate declined in China due to COVID-19 in Hubei Province

Mosaic reduced phosphate production in Florida and Louisiana and the potash mine in Canada in late 2019 – early 2020
Factors Contributing to higher prices: DTN Survey

• Many farmers took advantage of the dry fall in the corn belt and the ability to apply NH3 post harvest
  • 73% of respondents stated they had already bought, or were going to buy fertilizer before the end of 2021

• Some farmers are taking advantage of the higher grain prices with PHOS
  • Farmers report catching up a little on phosphorus applications which were reduced in previous years

• River impacted fall availability in some areas driving prices higher
Factors Contributing to Higher Fertilizer Prices: Commodity Prices

• Higher prices for the big 3 commodities

  • Higher prices not only influence production decisions and behavior, but may themselves entice retailers to raise prices

  • Fertilizer prices, especially N, are no longer very closely tied to the cost of production (mainly the price of natural gas)
From DTN

“Phosphate prices in the U.S. jumped in November amid the Department of Commerce's (DOC) announcement on Nov. 24 of its preliminary determinations in the countervailing duty (CVD) investigations into imports of phosphate fertilizers from Morocco and Russia. Moroccan imports face duties at 23.5% while Russian-based product ranged from nearly 21% to as high as 72.5% ahead of the DOC's final determinations to come in February.”
Prices Heading into Spring

• There may be some softening of whole sale prices into the spring for both Phosphorus

  • With farmers applying relatively high amounts of NH3 and Phos in fall of 2020, demand in the Mid-south and Corn belt will likely be weaker than that seen in 2019 or 2018

  • However, any weakening in prices will likely be tempered somewhat by international demand, especially for phosphorus pending DOC findings
LIVESTOCK PRICE SITUATION AND OUTLOOK

Tim Petry
Extension Livestock Marketing Economist
Tim.Petry@ndsu.edu
www.ndsu.edu/livestockeconomics
MED. FRAME #1 STEER CALF PRICES
550-600 Pounds, N.D., Weekly

$180 last 3 years
Slaughter Steer Prices
5 Market Weighted Average, Weekly

[Graph showing the trend of slaughter steer prices from 2018 to 2021, with futures data for 2021 and 2022.

Approximately 45% of the cattle inventory is in an area experiencing drought.
OMAHA CORN PRICES
Weekly

$ Per Bu.

JAN  APR  JUL  OCT

2.80  3.30  3.80  4.30  4.80

Avg. 2014-18  2019  2020

Data Source: USDA-AMS
NDSU Extension Agribusiness
Implications of the January USDA Reports

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701-715-3673 (c)
Why Are USDA Reports So Influential?

• The procedures used to develop the estimated values are transparent.
  • These procedures are not perfect, but they are statistically defensible. They work “best” under “normal” conditions.
  • There is always a tradeoff between cost (financial and time) and accuracy.

• USDA has approximately 100,000 employees in more than 4,500 locations in U.S. and internationally.

• The information is free and available to everyone at the same time.
  • Many international buyers do not have reliable sources of information within their own countries.

• The USDA reports are only one source of information used by the crop and livestock markets.
# Pre-report Industry Estimates

## 2020 U.S. Corn & Soybean Production (billion bushels)

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<tr>
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<td>14.997</td>
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Reuters News and Jan. 12, 2021 USDA-Annual Production
## Pre-report Industry Estimates

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Reuters News and Jan. 12, 2021 USDA-Annual Production
## Pre-report Industry Estimates

### U.S. Quarterly Grain Stocks (billion bushels)

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<tr>
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<th>All Wheat</th>
<th>Corn</th>
<th>Soybean</th>
</tr>
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<tbody>
<tr>
<td><strong>Average Trade Estimate</strong></td>
<td>1.695 bill. bu.</td>
<td>11.951 bill. bu.</td>
<td>2.920 bill. bu.</td>
</tr>
<tr>
<td><strong>Lowest Trade Estimate</strong></td>
<td>1.585 bill. bu.</td>
<td>11.590 bill. bu.</td>
<td>2.775 bill. bu.</td>
</tr>
<tr>
<td>USDA September 1, 2020</td>
<td>2.159 bill. bu.</td>
<td>1.995 bill. bu.</td>
<td>0.523 bill. bu.</td>
</tr>
<tr>
<td>USDA December 1, 2019</td>
<td>1.841 bill. bu.</td>
<td>11.327 bill. bu.</td>
<td>3.252 bill. bu.</td>
</tr>
<tr>
<td><strong>USDA December 1, 2020</strong></td>
<td><strong>1.673 bill. bu.</strong></td>
<td><strong>11.322 bill. bu.</strong></td>
<td><strong>2.933 bill. bu.</strong></td>
</tr>
</tbody>
</table>

Reuters News and Jan. 12, 2021 USDA-Grain Stocks
## Pre-report Industry Estimates

### U.S. 2020/21 Ending Stocks (billion bushels)

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<th>All Wheat</th>
<th>Corn</th>
<th>Soybean</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Trade Estimate</strong></td>
<td>0.859 bill. bu.</td>
<td>1.599 bill. bu.</td>
<td>0.139 bill. bu.</td>
</tr>
<tr>
<td><strong>Highest Trade Estimate</strong></td>
<td>0.900 bill. bu.</td>
<td>1.782 bill. bu.</td>
<td>0.166 bill. bu.</td>
</tr>
<tr>
<td><strong>Lowest Trade Estimate</strong></td>
<td>0.837 bill. bu.</td>
<td>1.400 bill. bu.</td>
<td>0.105 bill. bu.</td>
</tr>
<tr>
<td><strong>USDA December 10, 2020</strong></td>
<td>0.862 bill. bu.</td>
<td>1.702 bill. bu.</td>
<td>0.175 bill. bu.</td>
</tr>
<tr>
<td><strong>USDA January 12, 2021</strong></td>
<td>0.836 bill. bu.</td>
<td>1.552 bill. bu.</td>
<td>0.140 bill. bu.</td>
</tr>
</tbody>
</table>

 Reuters News and Jan. 12, 2021 USDA-WASDE
## Pre-report Industry Estimates

### 2020/21 South American Production (Million Metric Tons)

<table>
<thead>
<tr>
<th></th>
<th>Argentina</th>
<th>Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Corn</td>
<td>Soybean</td>
</tr>
<tr>
<td><strong>Average Trade Estimate</strong></td>
<td>47.41</td>
<td>48.44</td>
</tr>
<tr>
<td>Highest Trade Estimate</td>
<td>49.00</td>
<td>49.50</td>
</tr>
<tr>
<td>Lowest Trade Estimate</td>
<td>45.00</td>
<td>46.00</td>
</tr>
<tr>
<td><strong>USDA 2019/20 Estimate</strong></td>
<td>51.00</td>
<td>49.00</td>
</tr>
<tr>
<td><strong>USDA December 10, 2020</strong></td>
<td>49.00</td>
<td>50.00</td>
</tr>
<tr>
<td><strong>USDA January 12, 2021</strong></td>
<td>47.50</td>
<td>48.00</td>
</tr>
</tbody>
</table>

 Reuters News and Jan. 12, 2021 USDA-WASDE
## Pre-report Industry Estimates

### 2021 Winter Wheat Seedings (million acres)

<table>
<thead>
<tr>
<th></th>
<th>Total Winter Wheat</th>
<th>Hard Red Winter</th>
<th>Soft Red Winter</th>
<th>White Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Trade Estimate</strong></td>
<td>31.528</td>
<td>22.140</td>
<td>5.884</td>
<td>3.514</td>
</tr>
<tr>
<td><strong>Highest Trade Estimate</strong></td>
<td>32.500</td>
<td>22.900</td>
<td>6.260</td>
<td>3.700</td>
</tr>
<tr>
<td><strong>Lowest Trade Estimate</strong></td>
<td>30.395</td>
<td>21.352</td>
<td>5.441</td>
<td>3.400</td>
</tr>
<tr>
<td><strong>USDA Final 2020 Plantings</strong></td>
<td>30.415</td>
<td>21.362</td>
<td>5.564</td>
<td>3.489</td>
</tr>
<tr>
<td><strong>USDA January 12, 2021</strong></td>
<td>31.991</td>
<td>22.300</td>
<td>6.230</td>
<td>3.480</td>
</tr>
</tbody>
</table>

Reuters News and Jan. 12, 2021 USDA-Winter Wheat Seedings
The 2021 “Battle for Acres” has begun.
Historical U.S. Planted Acreage

The diagram illustrates the planted acreage for various crops from 1990 to 2020. The crops include Corn, Soybeans, Wheat, Cotton, and Sorghum. The x-axis represents the years from 1990 to 2020, while the y-axis shows the number of acres planted, ranging from 0 to 100,000,000.

- **Corn** is represented by yellow lines, showing fluctuations in planted acres over the years.
- **Soybeans** are shown in green, with a generally increasing trend until a peak around 2014 and a subsequent decline.
- **Wheat** is depicted in brown, with significant variability, peaking around 2008 and declining thereafter.
- **Cotton** is indicated by black lines, showing a trend with peaks in 2010 and 2014, followed by a decline.
- **Sorghum** is represented in purple, with a consistent but modest planted area over the observed years.

The USDA-Quick Stats Custom Query was used to generate this data.
Corn-Ethanol Situation

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Key Factors

Short corn crop, strong demand
Weak fuel demand
Building Stocks
Uncertainty in Policy
Crush margins are negative

USDA/South Dakota Ethanol Report
$4.85 corn
$210 Distillers Grains
$.39 corn oil
$1.36 ethanol
$.40/gallon simple crush (less than 50 cent rule of thumb)
Policy

2021 RVOs

Small Refinery Waivers

- Expectations that current administration will issue additional small refinery waivers before the inauguration of President-elect Biden

- Supreme Court Cases will be held this fall

State-level low-carbon fuel policies
Please use the Q&A tool to ask questions

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

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

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