

Agricultural Markets Situation and Outlook

January 14, 2021

Fertilizer Prices Mixed Heading into 2011

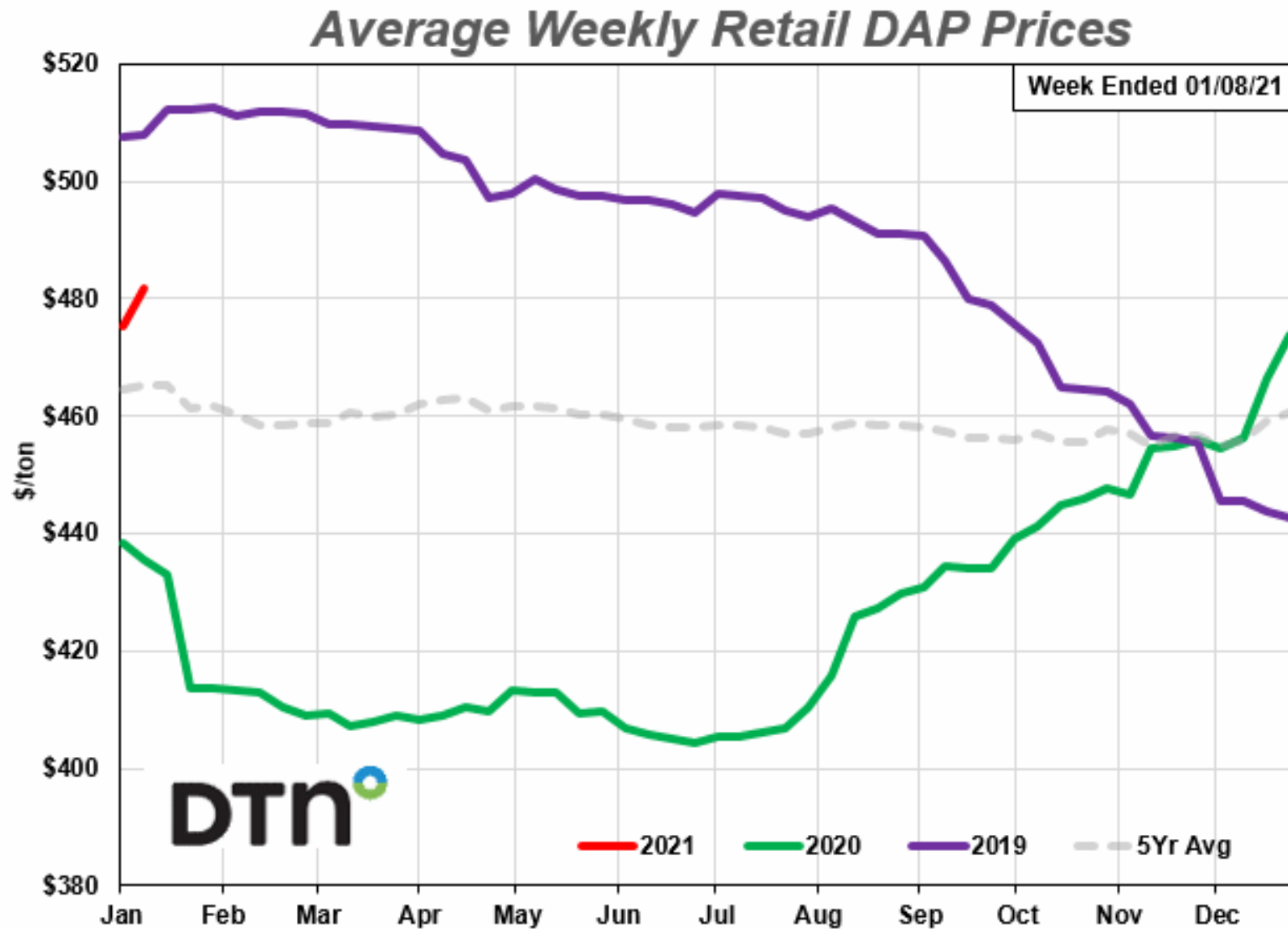
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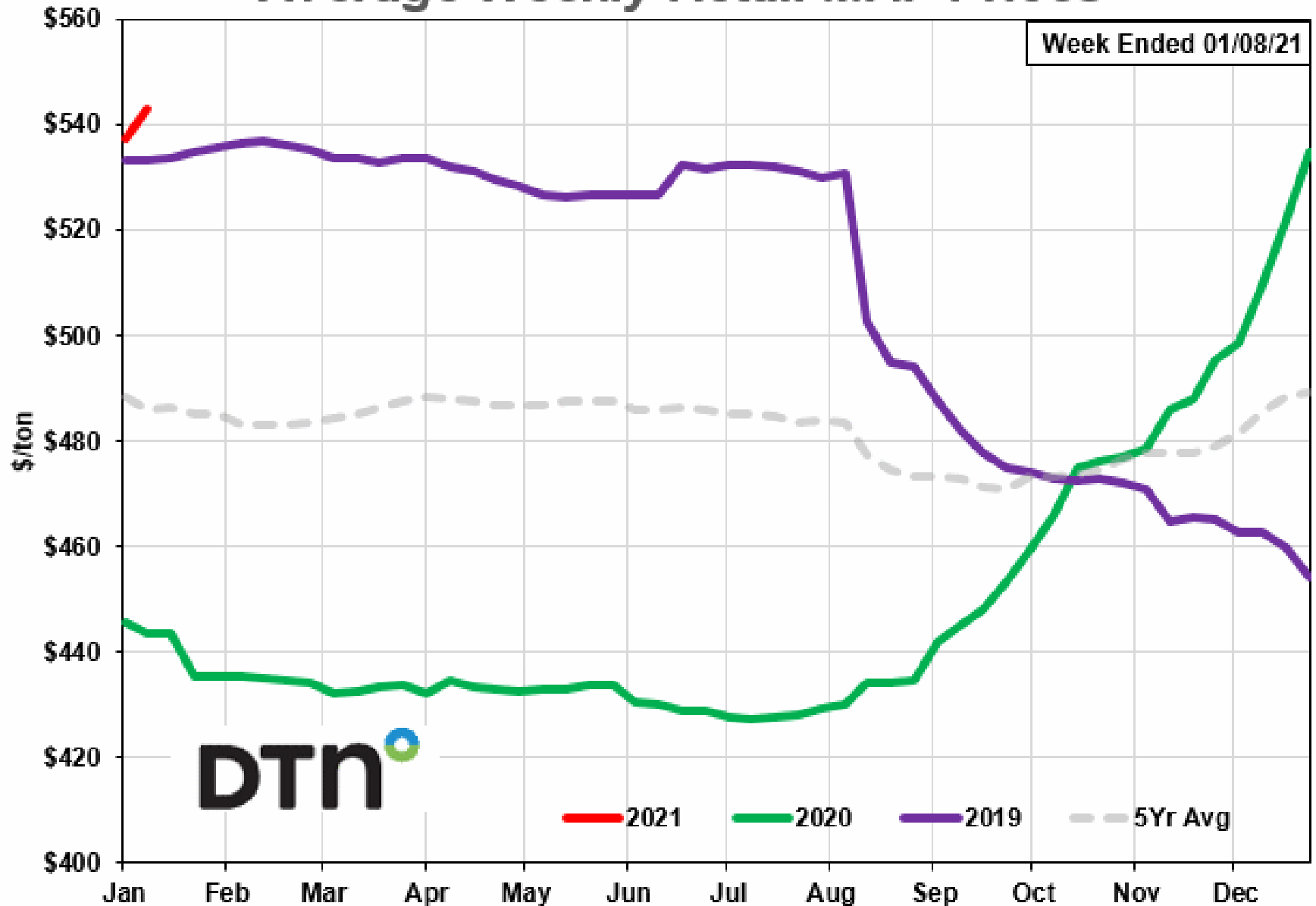


Diammonium Phosphate (DAP) 18-46-0



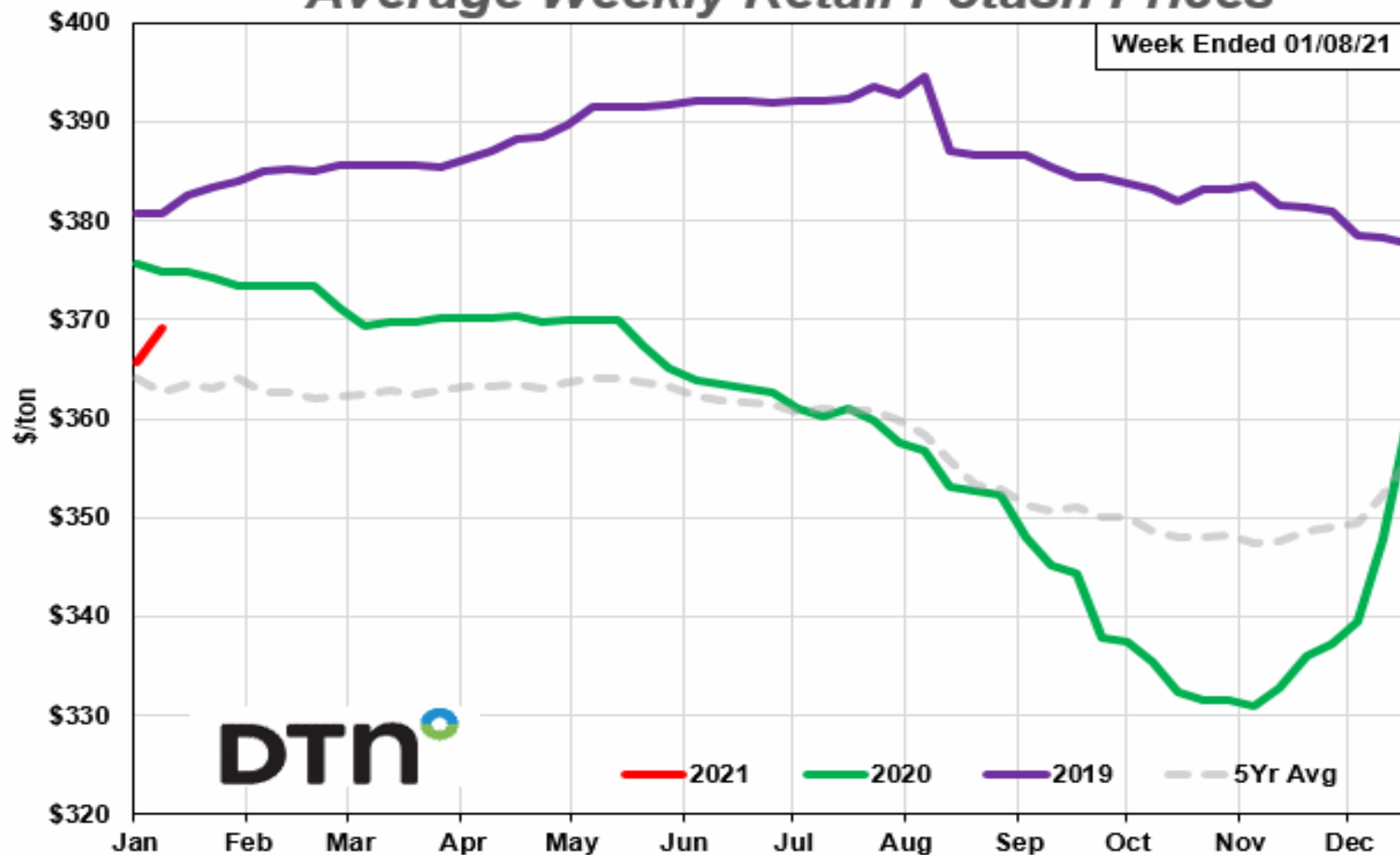
Monoammonium Phosphate (DAP) 11-52-0

Average Weekly Retail MAP Prices

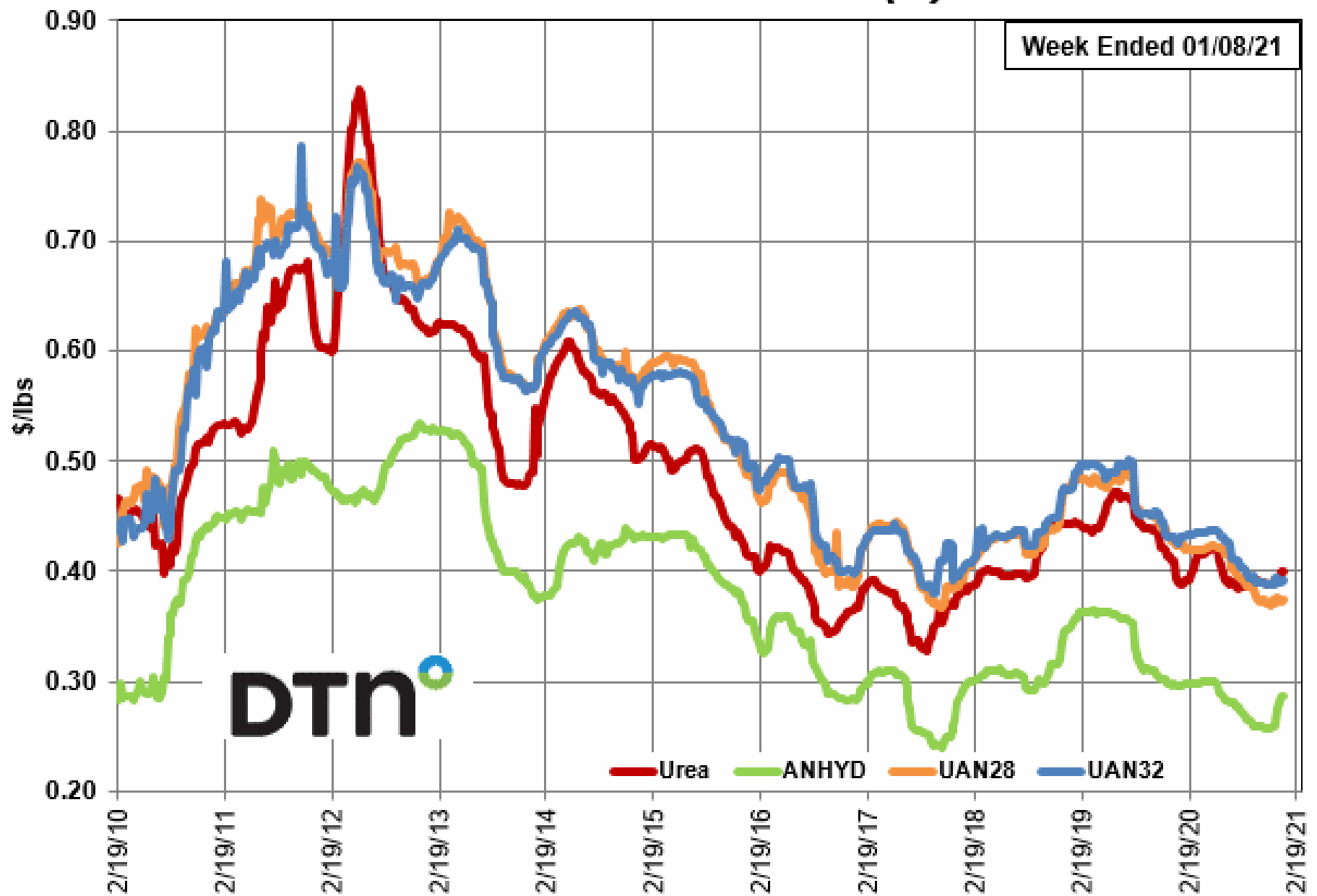


Potash Prices

Average Weekly Retail Potash Prices

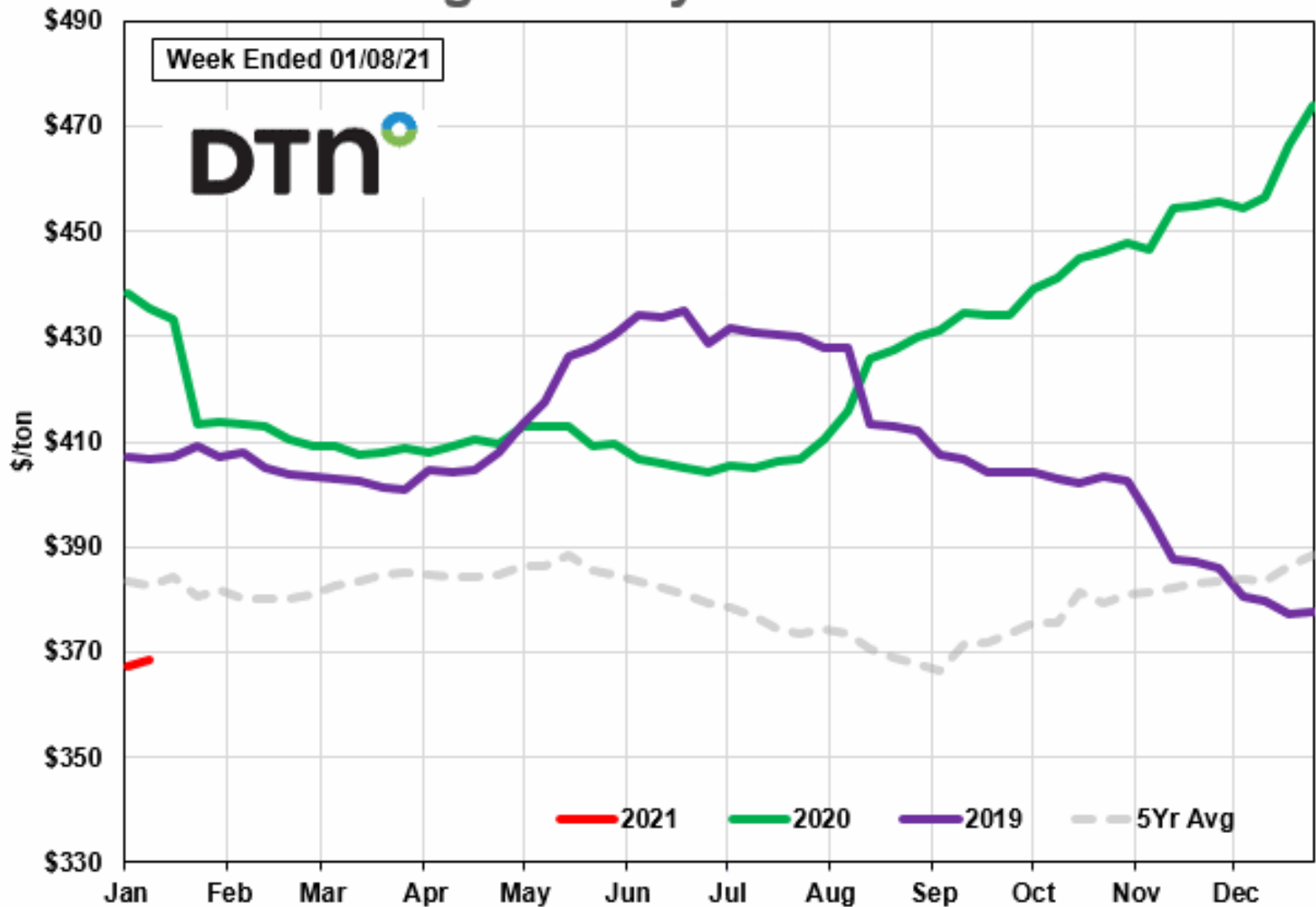


Cost of N/lb. (\$)

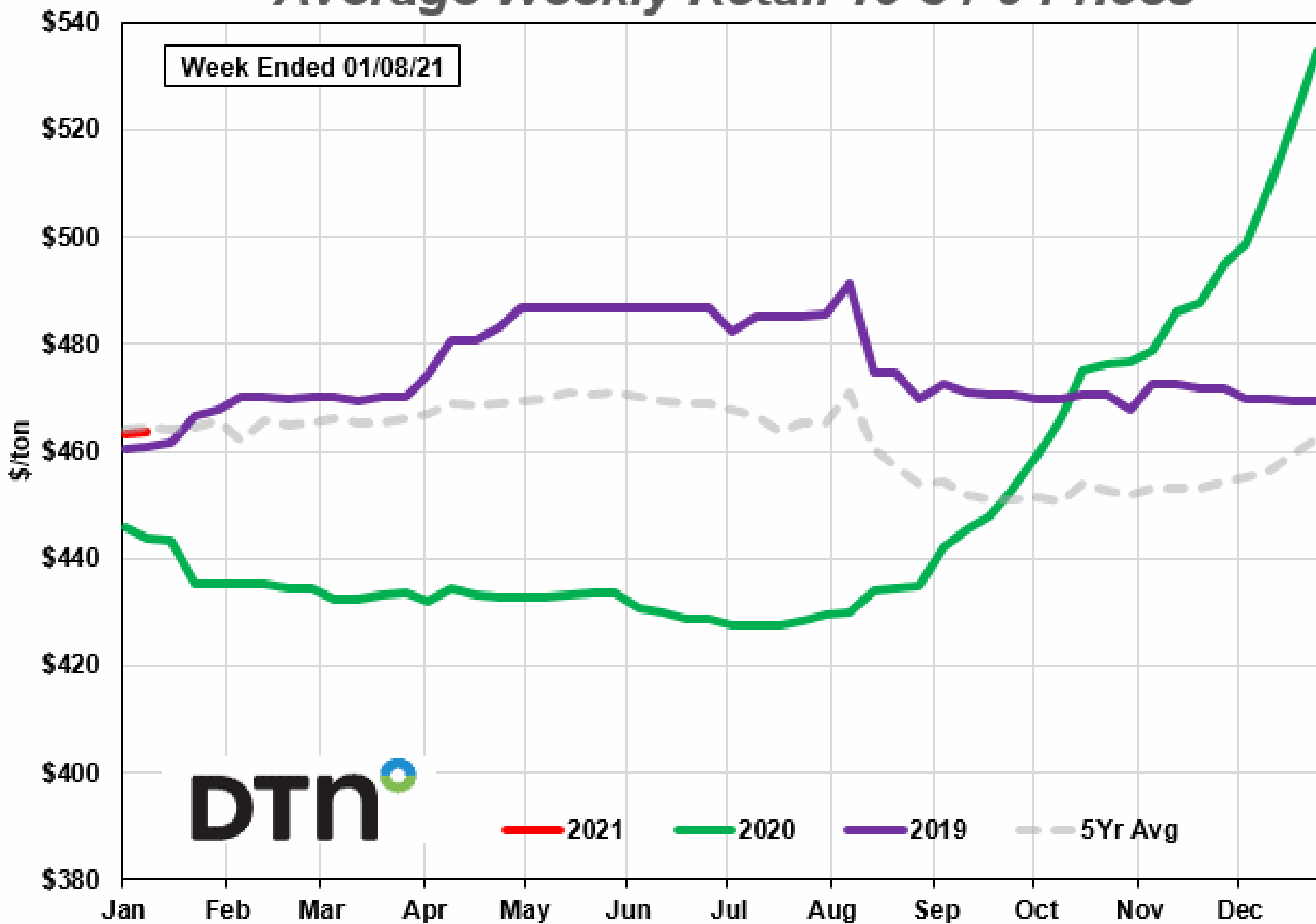


Urea: 46-0-0

Average Weekly Retail Urea Prices



Average Weekly Retail 10-34-0 Prices



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

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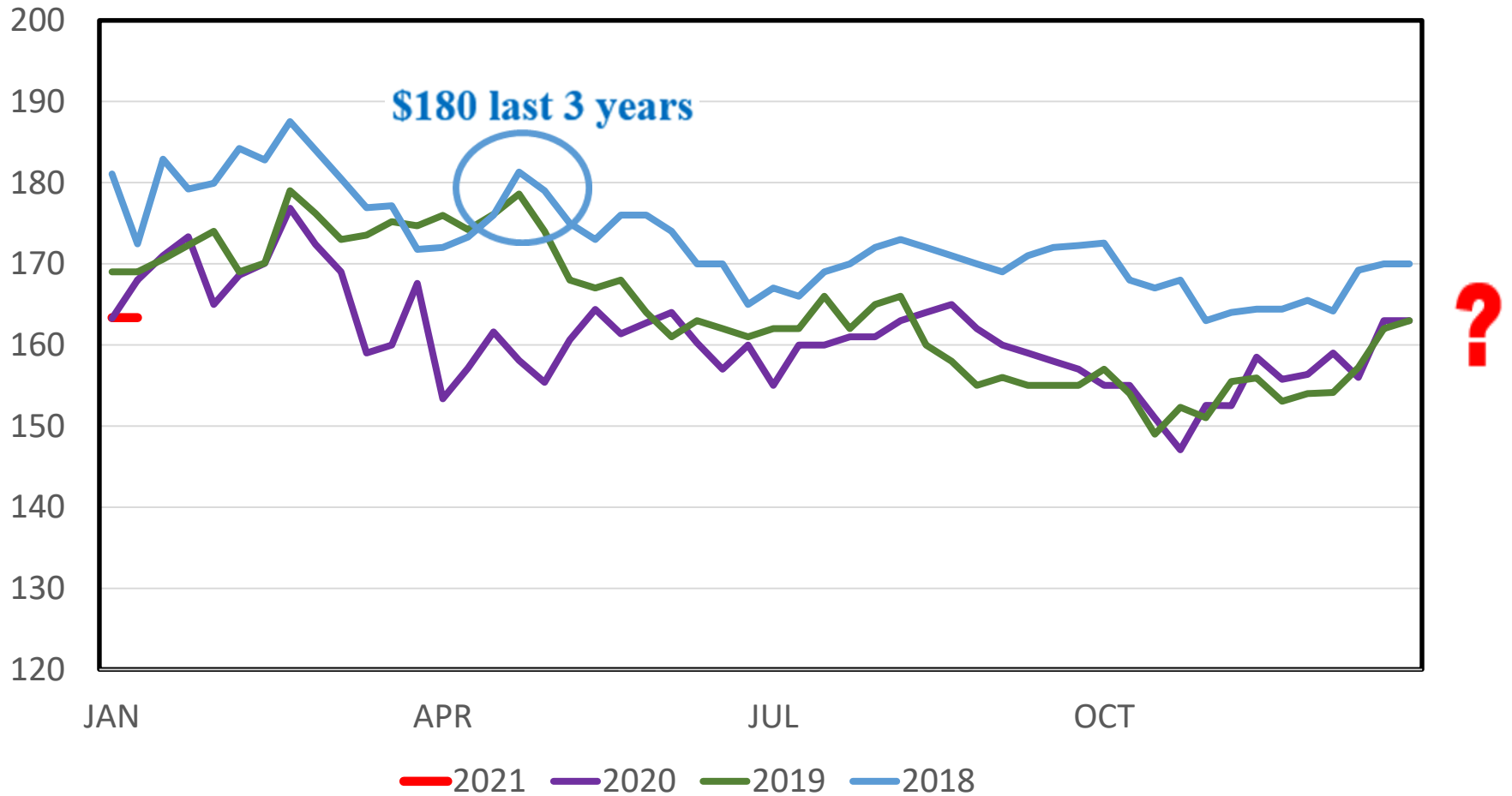
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MED. FRAME #1 STEER CALF PRICES

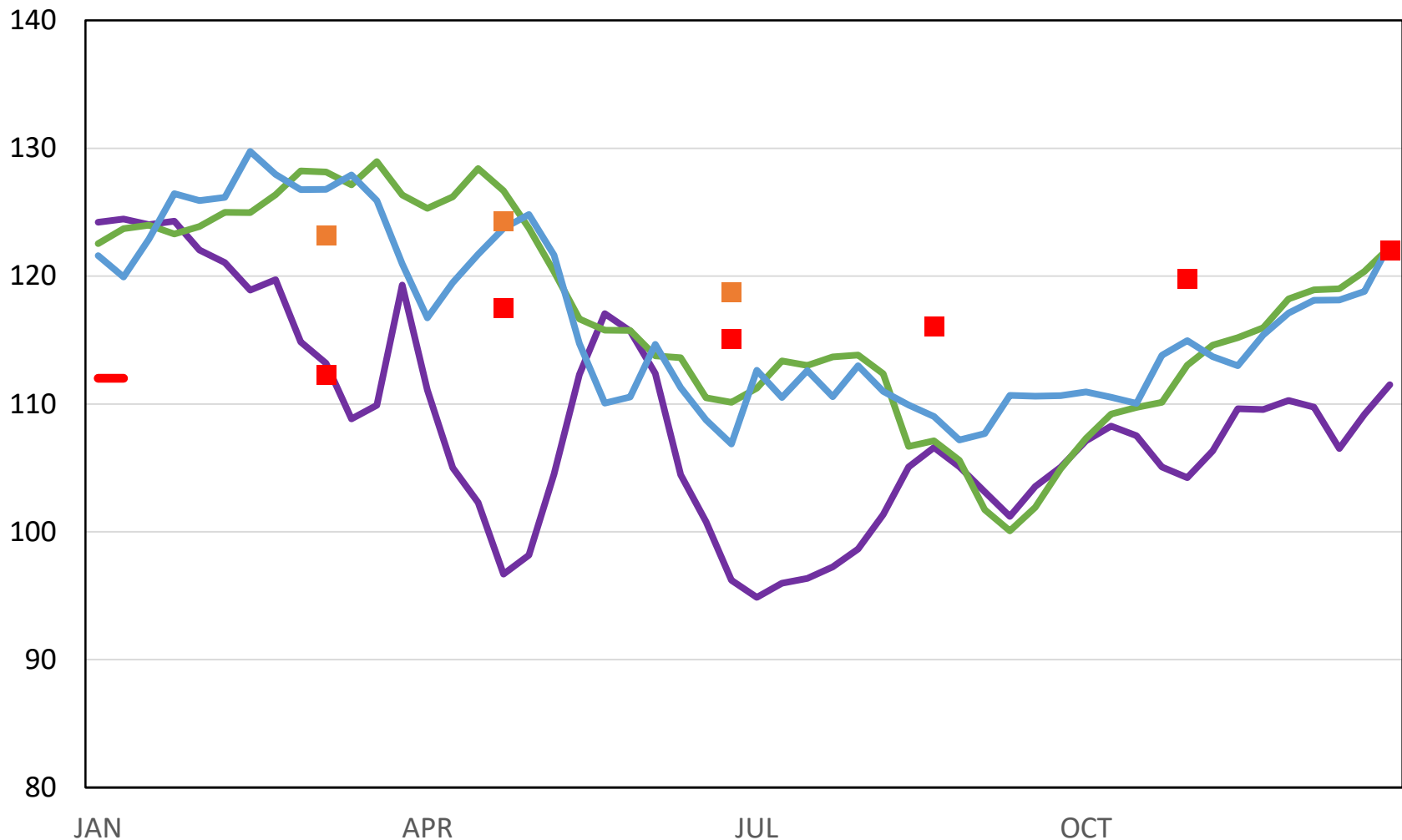
550-600 Pounds, N.D., Weekly



?

SLAUGHTER STEER PRICES

5 Market Weighted Average, Weekly

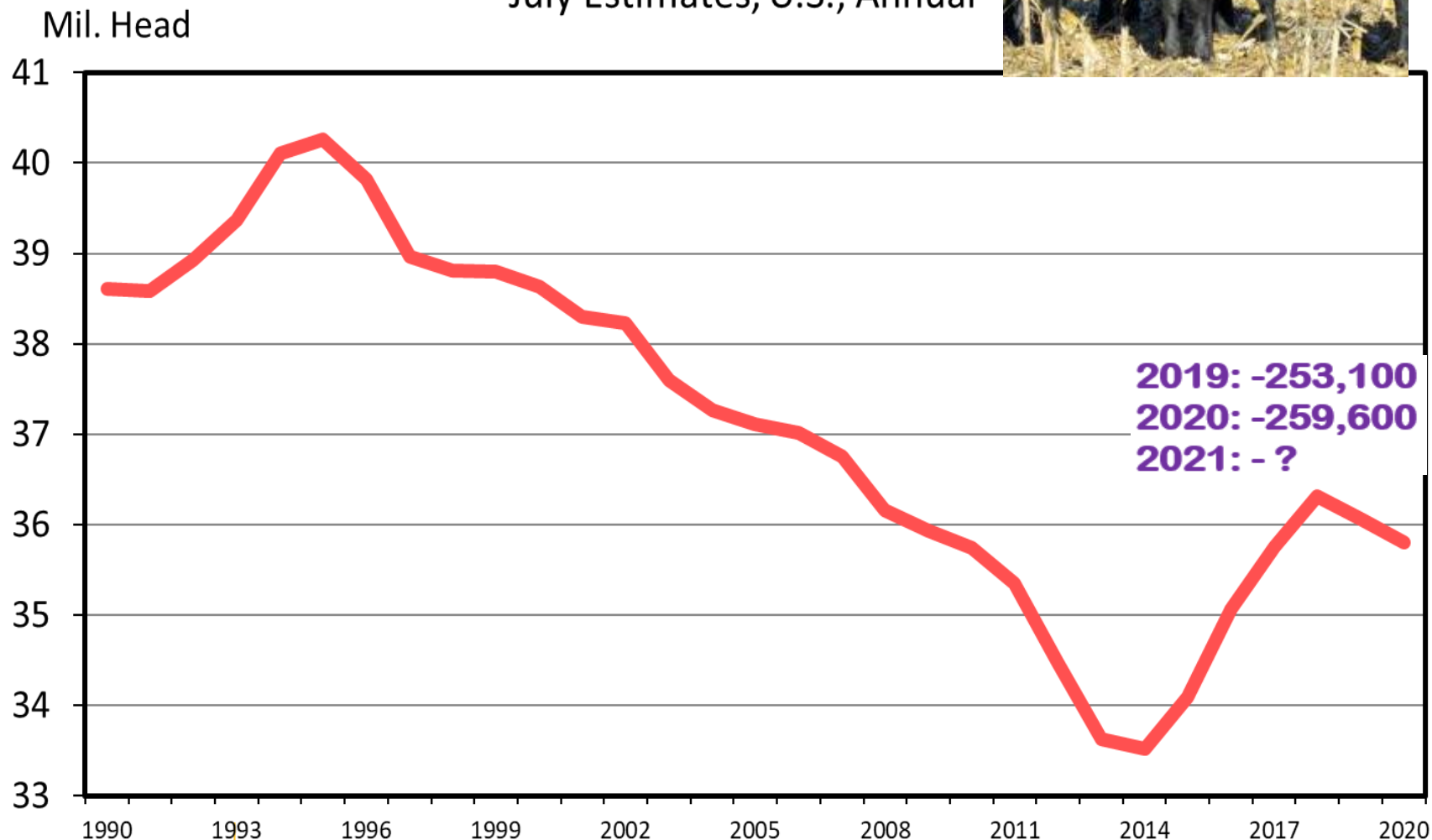


— 2020 — 2019 — 2018 — 2021 — 2022 Fut — 2021 Fut



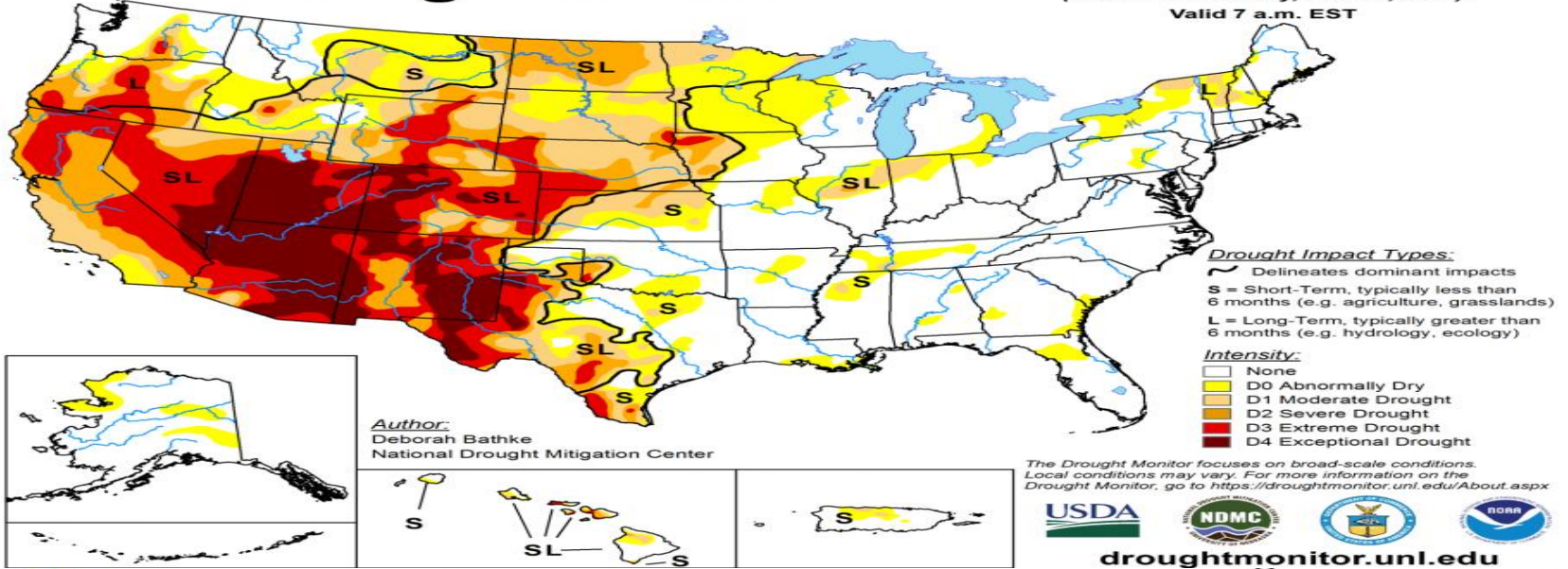
CALF CROP

July Estimates, U.S., Annual



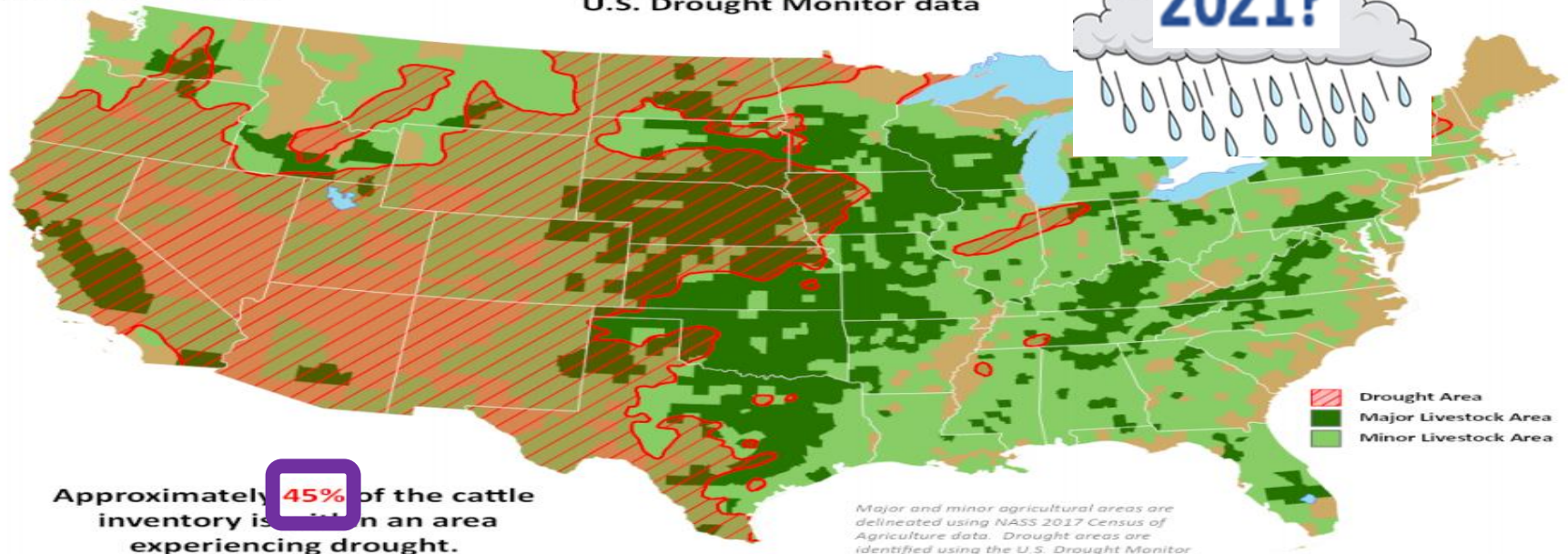
U.S. Drought Monitor

January 12, 2021
(Released Thursday, Jan. 14, 2021)
Valid 7 a.m. EST



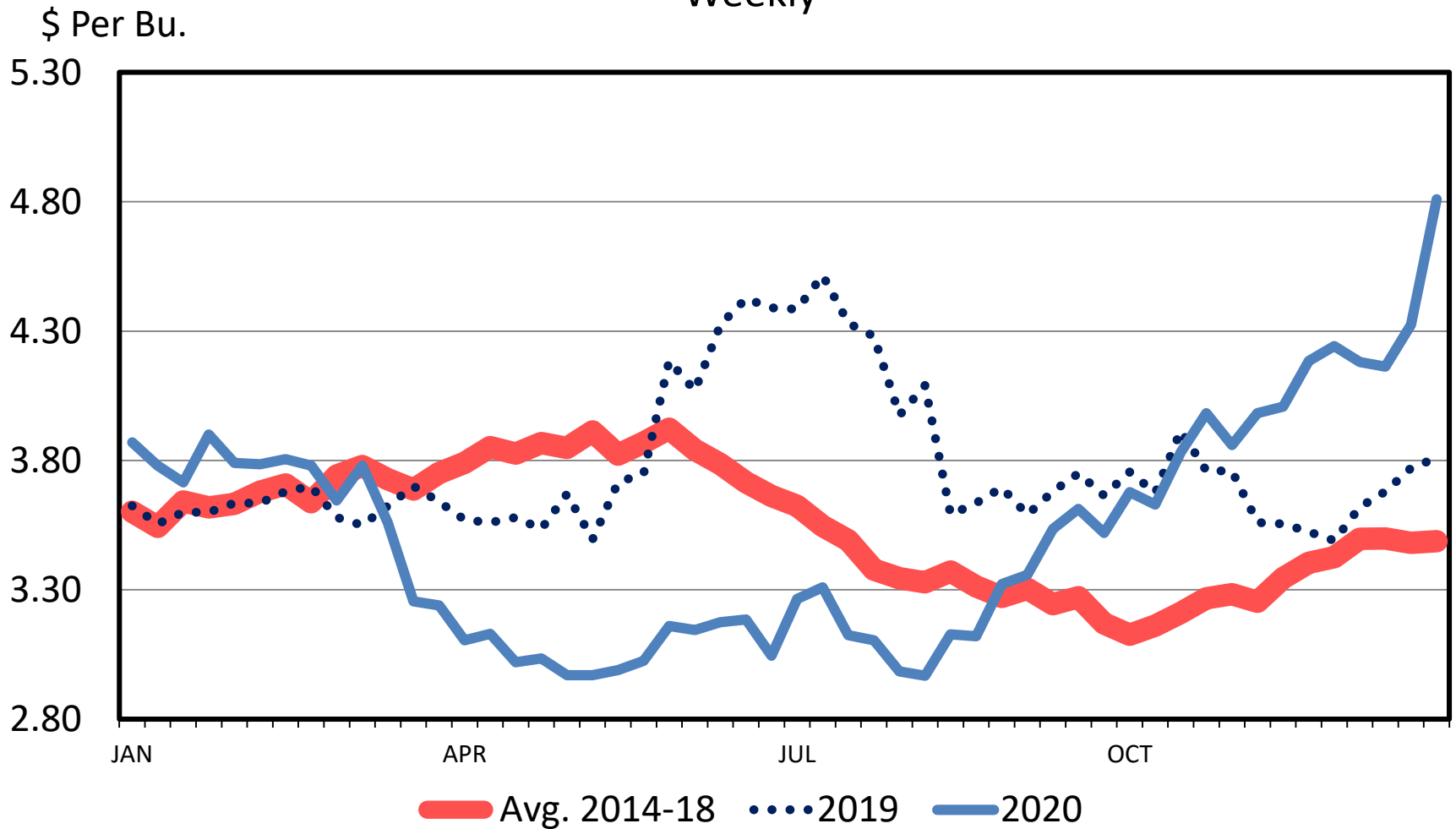
Cattle Areas in Drought

Reflects January 12, 2021
U.S. Drought Monitor data



OMAHA CORN PRICES

Weekly



Data Source: USDA-AMS

Implications of the January USDA Reports

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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)

	Corn			Soybean		
	Prod.	Yield	Harv. A.	Prod.	Yield	Harv. A.
Average Trade Estimate	14.470	175.3	82.543	4.158	50.5	82.305
Highest Trade Estimate	14,997	178.2	84.160	4.260	51.7	82.670
Lowest Trade Estimate	14.319	173.8	82.000	4.084	49.4	81.986
USDA December 10, 2020	14.507	175.8	82.527	4.170	50.7	82.289
USDA January 12, 2021	14.182	172.0	82.467	4.135	50.2	82.318

Reuters News and Jan. 12, 2021 USDA-Annual Production

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Pre-report Industry Estimates

U.S. Quarterly Grain Stocks (billion bushels)

	All Wheat	Corn	Soybean
Average Trade Estimate	1.695 bill. bu.	11.951 bill. bu.	2.920 bill. bu.
Highest Trade Estimate	1.827 bill. bu.	12.305 bill. bu.	3.215 bill. bu.
Lowest Trade Estimate	1.585 bill. bu.	11.590 bill. bu.	2.775 bill. bu.
USDA September 1, 2020	2.159 bill. bu.	1.995 bill. bu.	0.523 bill. bu.
USDA December 1, 2019	1.841 bill. bu.	11.327 bill. bu.	3.252 bill. bu.
USDA December 1, 2020	1.673 bill. bu.	11.322 bill. bu.	2.933 bill. bu.

Reuters News and Jan. 12, 2021 USDA-Grain Stocks

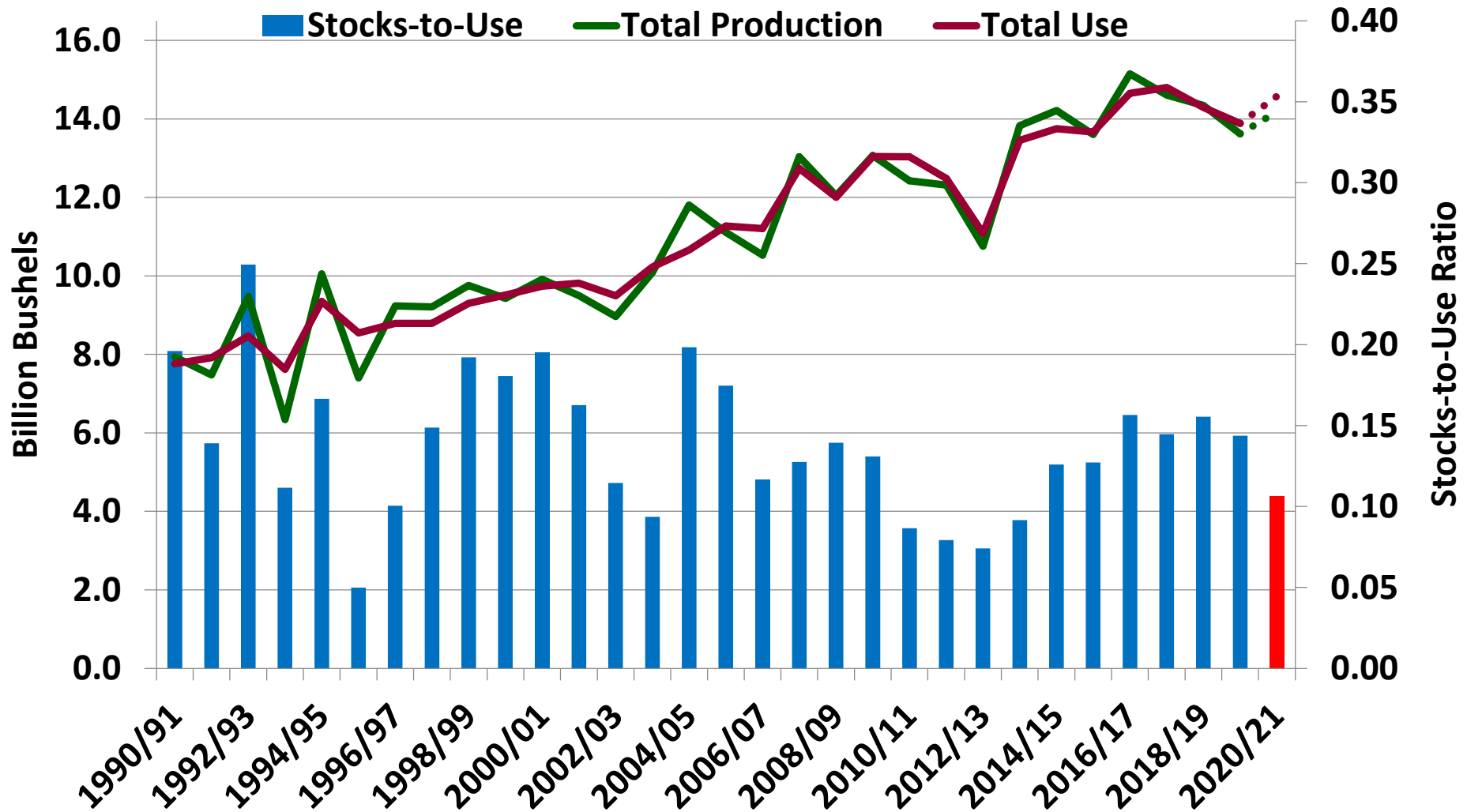
Pre-report Industry Estimates

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

	All Wheat	Corn	Soybean
Average Trade Estimate	0.859 bill. bu.	1.599 bill. bu.	0.139 bill. bu.
Highest Trade Estimate	0.900 bill. bu.	1.782 bill. bu.	0.166 bill. bu.
Lowest Trade Estimate	0.837 bill. bu.	1.400 bill. bu.	0.105 bill. bu.
USDA December 10, 2020	0.862 bill. bu.	1.702 bill. bu.	0.175 bill. bu.
USDA January 12, 2021	0.836 bill. bu.	1.552 bill. bu.	0.140 bill. bu.

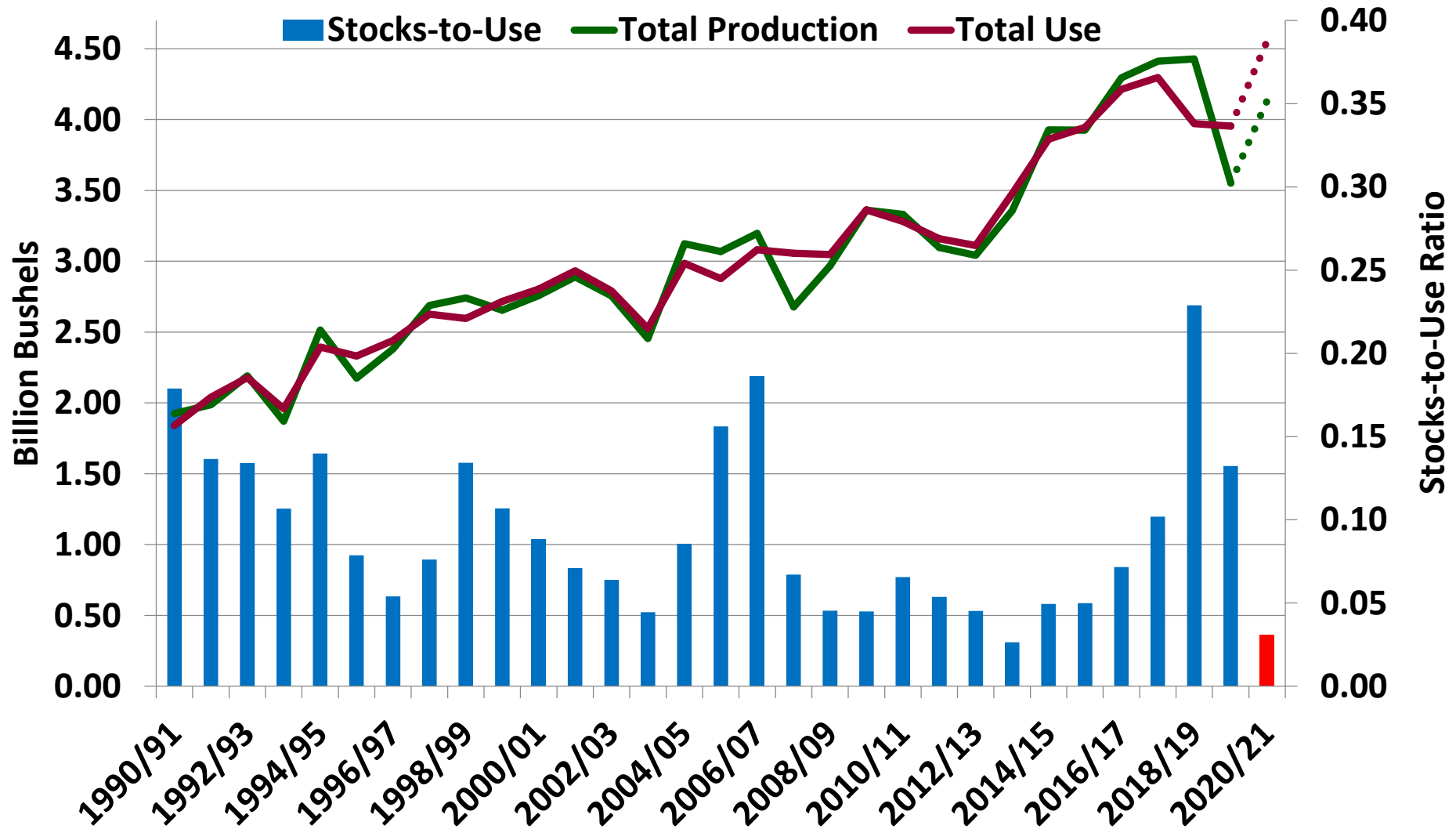
Reuters News and Jan. 12, 2021 USDA-WASDE

U.S. Corn Total Production & Use



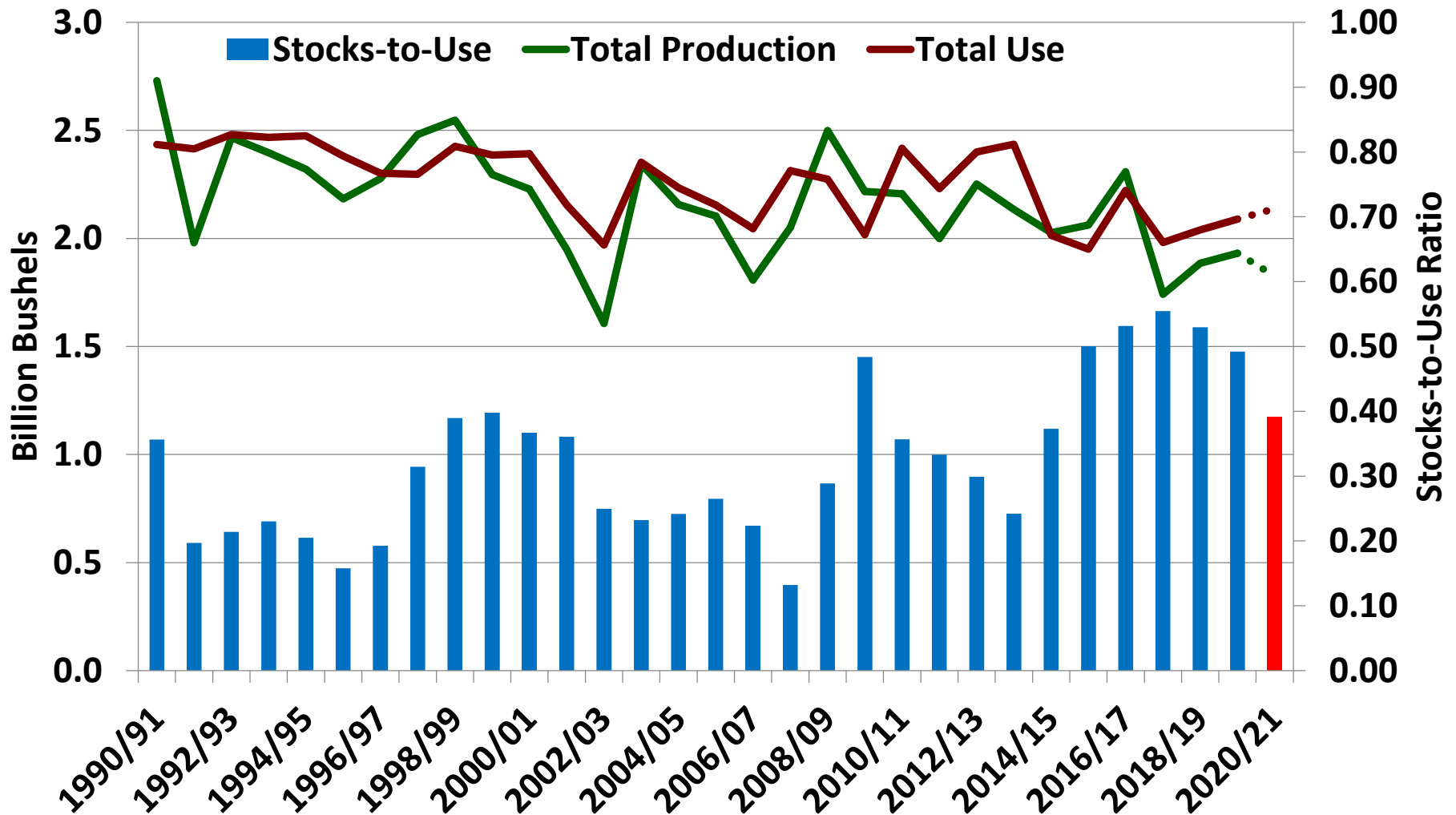
Jan. 12, 2021 USDA-WASDE

U.S. Soybean Total Production & Use



Jan. 12, 2021 USDA-WASDE

U.S. All Wheat Total Production & Use



Jan. 12, 2021 USDA-WASDE

Pre-report Industry Estimates

2020/21 South American Production (Million Metric Tons)

	Argentina		Brazil	
	Corn	Soybean	Corn	Soybean
Average Trade Estimate	47.41	48.44	107.74	131.42
Highest Trade Estimate	49.00	49.50	110.00	133.00
Lowest Trade Estimate	45.00	46.00	102.00	128.00
USDA 2019/20 Estimate	51.00	49.00	102.00	126.00
USDA December 10, 2020	49.00	50.00	110.00	133.00
USDA January 12, 2021	47.50	48.00	109.00	133.00

Reuters News and Jan. 12, 2021 USDA-WASDE

Pre-report Industry Estimates

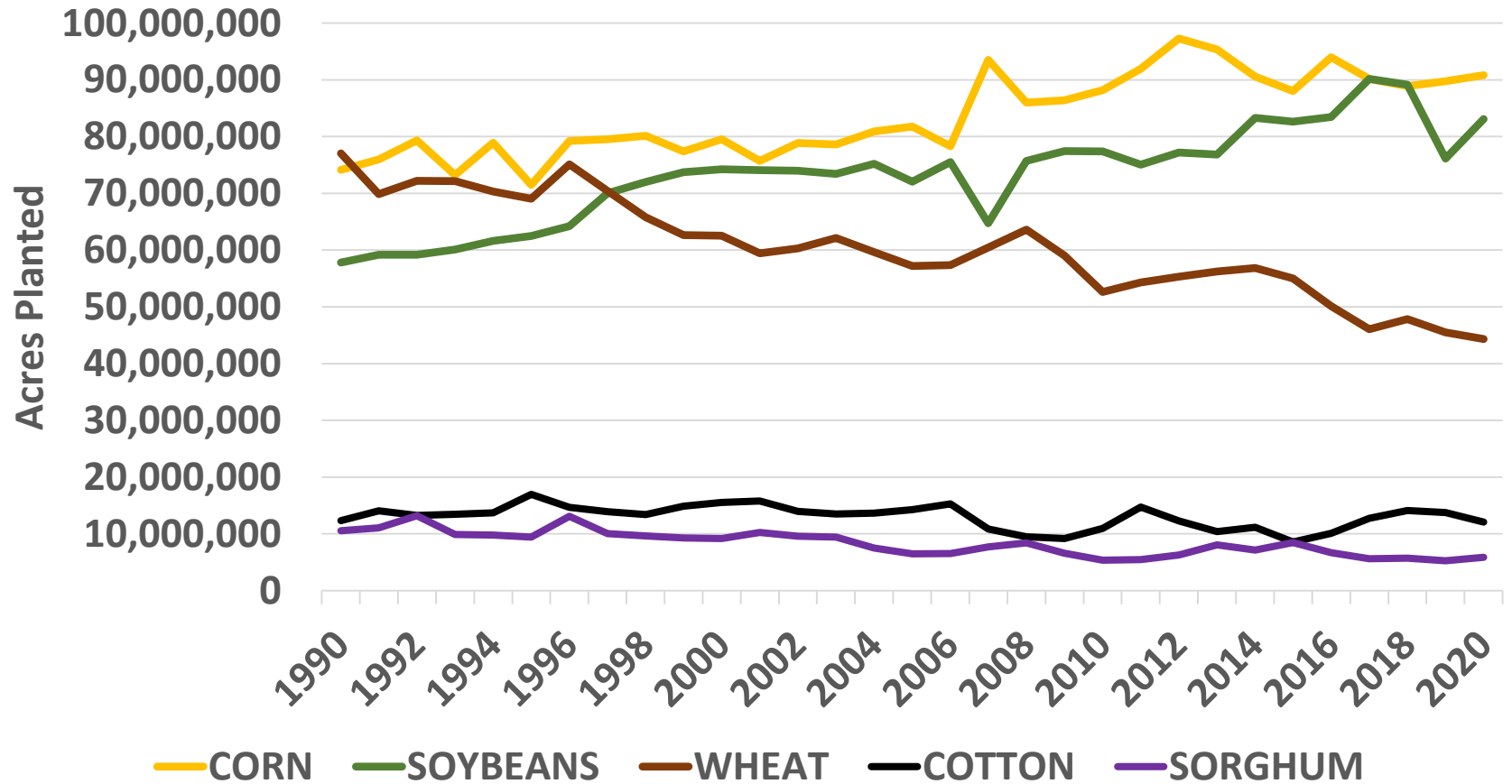
2021 Winter Wheat Seedings (million acres)

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

Reuters News and Jan. 12, 2021 USDA-Winter Wheat Seedings

The 2021 “Battle for Acres” has begun.

Historical U.S. Planted Acreage



USDA-Quick Stats Custom Query

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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