

In Case You Missed It

Insights from the monthly ADM grower call | June 2024

Global Fertilizer Update
Chris Lawson, CRU

Synopsis

- Nitrogen prices have rallied, particularly with urea.
- Phosphate prices have seen upward movement earlier than historic trends.
- Potash supply continues to outpace demand.

Urea

- The rally in urea prices can be attributed to two reasons:
 - » Production shutdowns in Egypt.
 - » China has closed off exports for an unspecified time, creating supply uncertainty.

Phosphate

- Phosphate prices hit their floor earlier than historic trends at a higher price point.
- Supply has been tightening due to increasing demand from India and Brazil, and lower volumes shipped from China and Morocco.

Potash

- Potash supply remains stable with supply outweighing demand.
- We could start to see light appreciation in prices over the coming months but nothing spectacular.

Domestic Fertilizer & Logistics Outlook Noah Bishop, Nick Peterson and Brock Anderson, ADM

Synopsis

- With a tightening U.S. balance sheet and a bullish global market, we expect the domestic market to be firm over the next 30-45 days.
- Now is the time to procure UAN needs for top dress or side dress and consider securing urea, phosphate and potash for fall application.

Urea

- **Recommendation:**
 - » If you need urea for fall application, secure some today.
 - » For spring 2025 buyers, look to position urea purchases against your grain sales.
 - » Softer prices in Q4 could present a better buying opportunity.
- Very strong demand from Latin America, exceeding that of last year.
- U.S. exports to Latin America are tightening the balance sheet.
- The market should remain firm for the next 30-45 days.
- A downside driver will be if China exports begin entering the market, potentially by the end of July or early August.
- India could be seeking urea in July or August. This could put pressure on the market if China exports don't reenter the market.
- A potentially active Gulf of Mexico hurricane season could further limit downside price moves for spring buyers.

UAN

- **Recommendation:**
 - » For those looking to top-dress or side-dress, secure your UAN today.
- Prices have softened in the interior and have found their bottom. Potential is to the upside due to further increases in international nitrogen prices.

Phosphates

- **Recommendation:**
 - » Now is the time to start thinking about securing tons for fall application.
- Expect the market to remain firm over the next 30-60 days.
- Our recommendation on fill a couple of weeks ago will likely be the cheapest price between then and the fall.
- There may be a better opportunity to buy for spring during the winter fill time frame, but that is subject to change.
- Domestically, there has been a big switch in product mix away from MAP and toward DAP and TSP due to price and availability.

Potash

- **Recommendation:**
 - » Look to lock in 50% of your fall needs.
 - » Be on the lookout for good pricing opportunities from ADM soon.
 - » Keep in touch with your fertilizer rep for spring needs.
- A potential Canadian rail strike later this summer could add some uncertainty to the markets.

Evaluating TSP as MAP/DAP Alternative

Sean Goretskie, OCP Group

Synopsis

- Phosphate prices have run up from April lows with DAP increasing \$30 on the low end to MAP increasing over \$100 on the high end.
- Current spreads between MAP/DAP versus TSP present a big opportunity to switch phosphate fertilizers from a pricing standpoint.
- TSP is a great fall phosphate source, especially for legume crops, and is a valuable option for growers to consider as the product continues to grow in the U.S. market.

Advantages of TSP

- **Sustainability: Reduced N Loss**
 - » Unlike MAP and DAP, fall-applied TSP, which does not contain nitrogen, avoids potential nitrogen losses through runoff, leaching or denitrification.
- **Economic Efficiency: Better Return on Investment**
 - » At current prices, TSP can offer a better return on investment compared to MAP or DAP without the added cost of nitrogen.
- **Agronomic Benefits: Single Source Nutrient**
 - » TSP provides a single source of phosphorus, which can be advantageous in managing nutrient availability, especially in variable rate applications.
 - » Yield trials have shown that TSP is an equitable replacement for MAP or DAP.

Questions from Our Growers

Growers who attend the conference call can get their questions answered by our industry experts.

What is the phosphate cost relationship between MAP, DAP and TSP?

- MAP, DAP and TSP are pretty easy to compare if you remove the nitrogen component.
- Right now, there's approximately a \$130-\$140 per ton spread between MAP and TSP and a \$60-\$70 price spread between DAP and TSP.

How does phosphate availability of TSP during the growing season compare to MAP and DAP?

- TSP is 90% water soluble, so you will see very little difference in terms of availability in typical soils.
- However, one challenge you could see is a slower breakdown in calcareous soils due to its composition.

What's driving MAP prices higher?

- The overarching issue is a lack of supply availability.

If I rely on the nitrogen component of fall-applied MAP or DAP to assist with corn residue breakdown, what are the cost implications of switching to TSP, which doesn't provide N?

- Consider using fall-applied anhydrous ammonia for your N source in place of MAP or DAP. It is generally the cheapest source of N on a cost/pound basis.
- The cost savings gained with a TSP/ammonia combination, particularly when compared to MAP, may be significant enough to allow you to utilize more nitrogen in the spring when plants are ready for nutrient uptake.

Can you address the limited availability we've seen for TSP in some markets?

- Historically, there hasn't been much demand for TSP.
- Due to the price spreads we have been seeing between TSP and MAP/DAP, ADM has been bringing more of it to the table for our customers as an option over the last two to three years.
- There has been substantial product-mix switching at our terminals and across the industry to get the product into the market.
- Talk to your local ADM rep about opportunities for TSP in your area.

Next Monthly Grower Call

Wednesday, July 31 | 8:00 AM CT

Contact your ADM Fertilizer representative for call information.

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