

KANSAS FARM BUREAU 103RD ANNUAL MEETING

DECEMBER 4-6, 2021

Welcome!!

THE FERTILIZER SITUATION AND CROPPING DECISIONS IN 2022/23

Mark Nelson

Director of Commodities
KFB

Troy Walker

Director of Retail Fertilizer
MKC

Marketing Basics


There are a LOT of things impacting fertilizer and crop input prices

1. The world is using more and producing less
2. Energy Shortages/Increased Prices
 - Bad here, but worse in China, EU & India
 - First, by increasing the manufacturing cost of fertilizers and crop inputs
 - Secondly, as a direct feedstock (NG in ANHYD)
3. COVID induced supply chain issues
 - Outbreaks that sporadically idle supply links
 - The “great resignation”
 - Vaccine & vaccine mandate fears

The bad news, increasing energy costs!

Henry Hub Natural Gas Prices





The good news, supply chain
bottlenecks are easing

- ❖ “We are in an excellent inventory position” ahead of the holidays – TJX
- ❖ Target’s inventory surged 17.6% in the 3rd Qtr

Supply Chain Bottlenecks are Easing

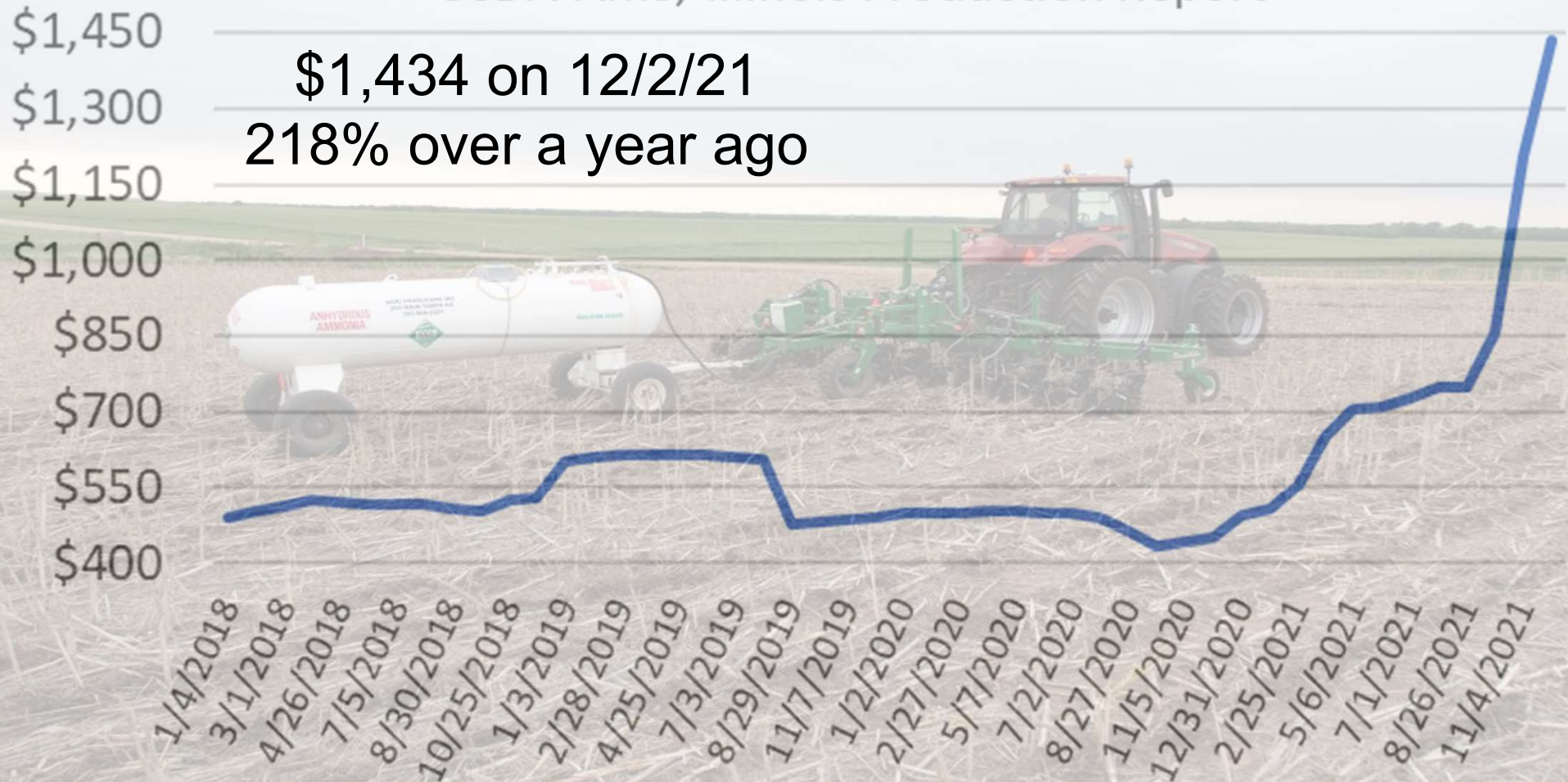
- ❖ November was the first month since February that no GM plant in NA was offline due to a lack of chips
- ❖ Toyota's (Japanese operations) will return to normal in December (1st time since April)

Supply Chain Bottlenecks are Easing

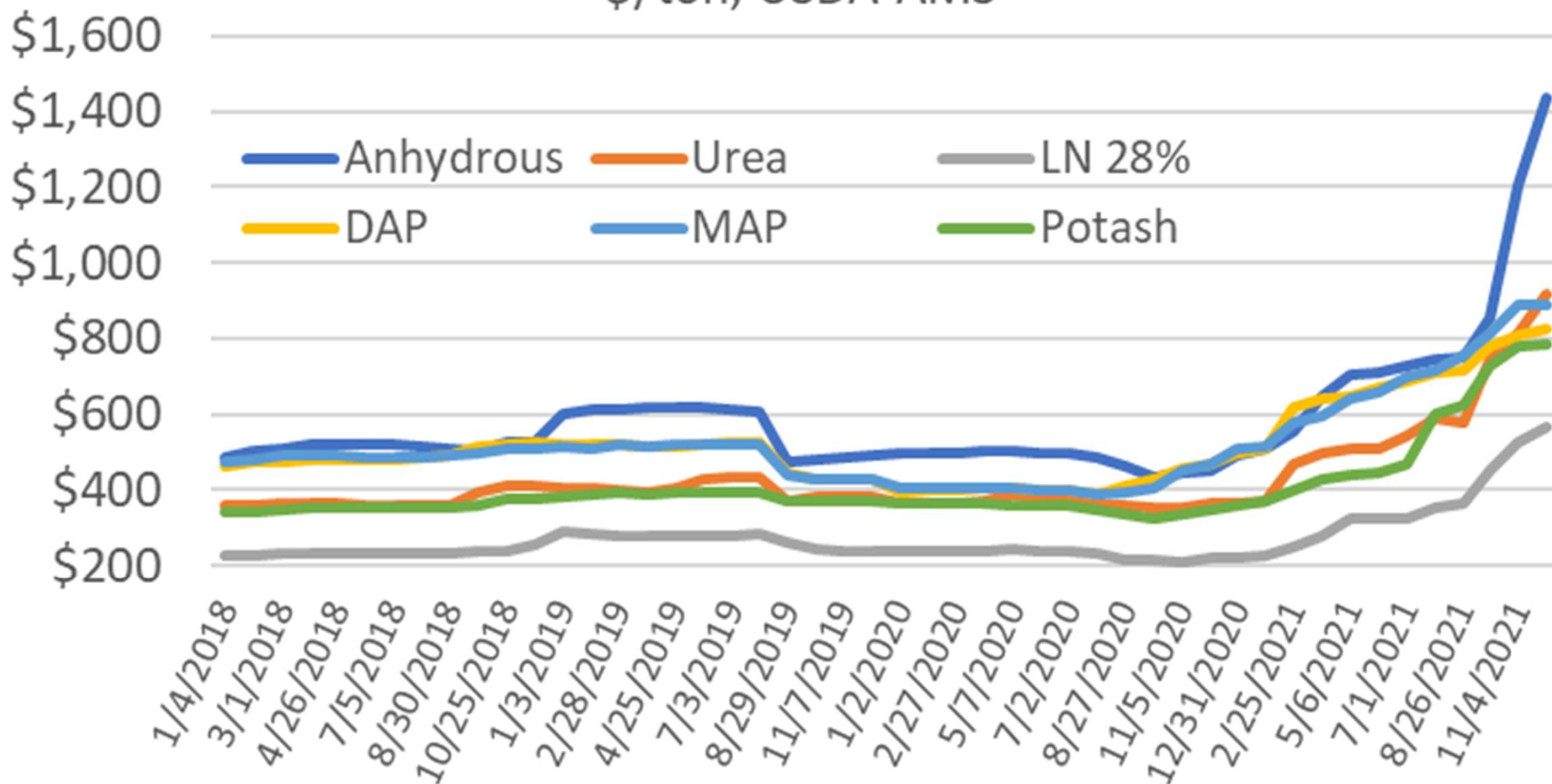
- ❖ The # of import containers at the Port of Los Angeles are down 25% since October
- ❖ Baltic Dry Index (a measure of global shipping rates) is down 50% since peaking October 7

But Input Prices are Higher

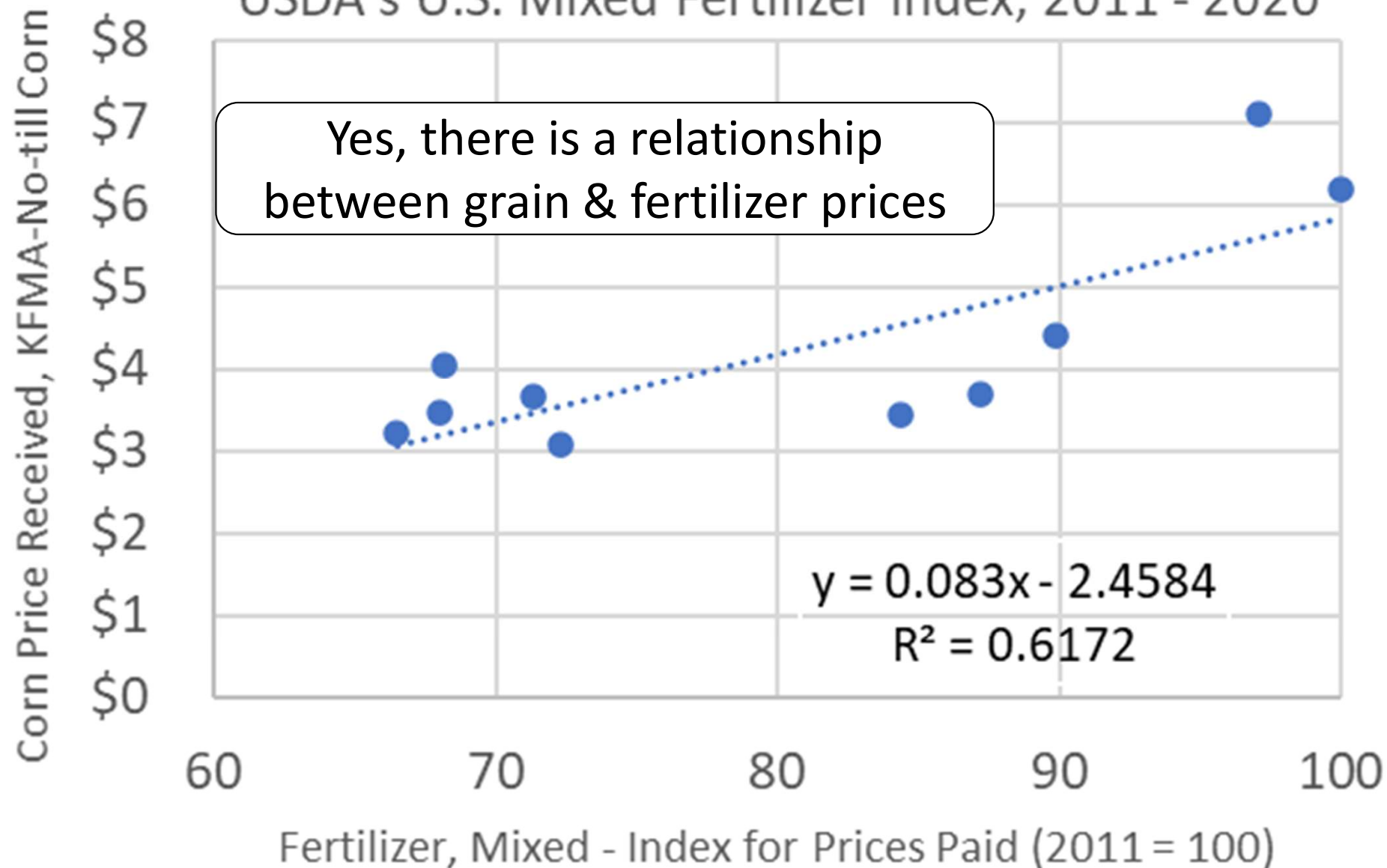
Anhydrous Ammonia, \$/Ton
USDA-AMS, Illinois Production Report



Fertilizer Prices, Illinois Production Report \$/ton, USDA-AMS



KFMA Corn Price (No-till Corn Enterprise) & USDA's U.S. Mixed Fertilizer Index, 2011 - 2020



Solutions?

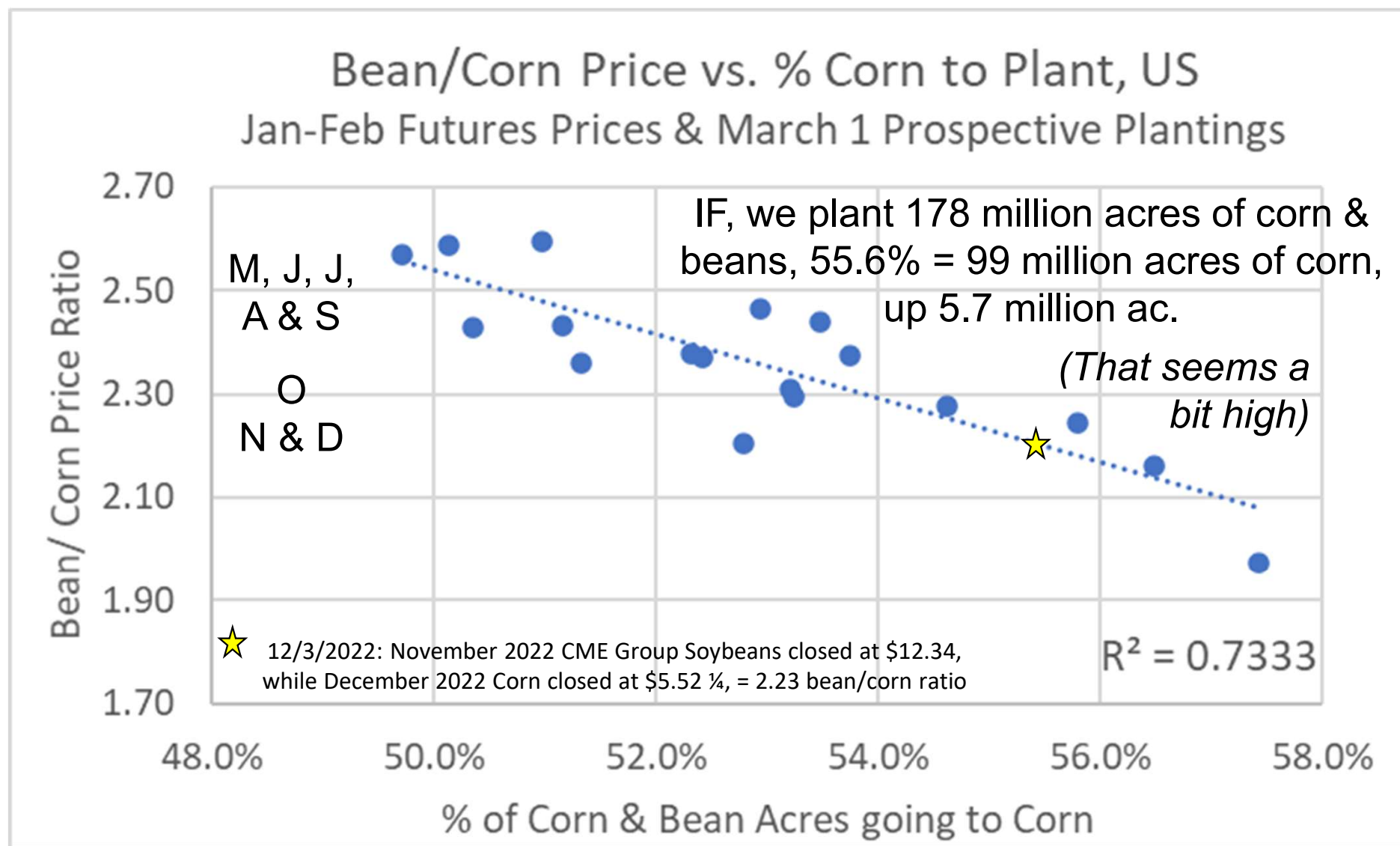
- ✓ Get talking to suppliers and begin shaping up your 2022 cropping plans (& alternative plans)
 - ✓ Evaluate your fertilizer options
 - Calculate cost per pound of nutrient, noting that different sources may require different application equipment and possibly timing
 - Let's do a LOT of soil testing this winter
 - Variable rate applications can save
 - Have we maxed out our use of manure
 - ✓ Examine crops and rotations
 - Can forages be expanded (for you or rented)
 - Soybeans, with lower fertility costs would appear to be the “easy button.”
-

But Corn Prices are Higher

ZCZ22 - Corn - Daily OHLC Chart



And the Bean/Corn Ratio Says More Corn



Bottom Line: Budget, Budget, Budget

2022 KSU Projected Irrigated Crop Cost Budgets

Southwest Kansas

<https://www.agmanager.info/farn-budgets>

	<u>Corn</u>	<u>Milo</u>	<u>Beans</u>	<u>Alfalfa</u>	<u>Cotton</u>
Price	\$5.51	\$5.40	\$11.29	\$185.00	
Yield	225	160	75	5.5	
Expenses	\$987.25	\$789.69	\$679.93	\$828.18	\$1,115.14
Net Income	\$252.50	\$74.31	\$166.82	\$189.32	\$477.86
<i>Acre-inches</i>	16"	12"	15"	19"	8"

Above are several recently released KSU Projected crop budgets, incorporating much of the recent, but not all price relationships. What's most important are the costs and prices you can lock in today.

Dryland too, largely favors feedgrains

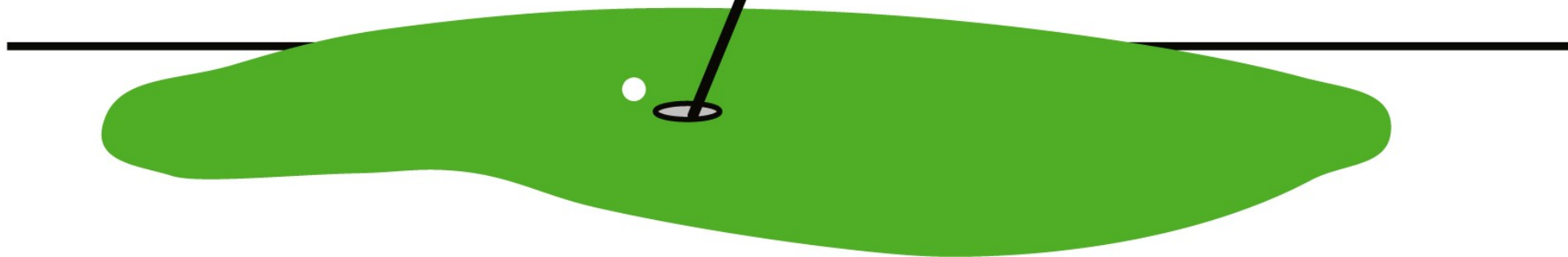
2022 KSU Projected Dryland Crop Cost Budgets

<https://www.agmanager.info/farn-budgets>

Northwest Kansas					North Central Kansas					Northeast Kansas			
	<u>Corn</u>	<u>Milo</u>	<u>Beans</u>		<u>Corn</u>	<u>Milo</u>	<u>Beans</u>		<u>Corn</u>	<u>Milo</u>	<u>Beans</u>		
Price	\$5.31	\$5.37	\$11.33		\$5.18	\$5.35	\$11.22		\$5.24	\$5.63	\$11.84		
Yield	89	85	25		120	120	41		145	135	45		
Expenses	\$401.40	\$363.33	\$260.42		\$401.40	\$353.39	\$328.75		\$578.90	\$424.68	\$388.86		
Net Income	\$71.19	\$93.12	\$22.83		\$181.17	\$288.61	\$131.27		\$180.90	\$335.37	\$143.94		
Southwest Kansas					South Central Kansas					Southeast Kansas			
	<u>Corn</u>	<u>Milo</u>	<u>Beans</u>		<u>Corn</u>	<u>Milo</u>	<u>Beans</u>	<u>Alfalfa</u>		<u>Corn</u>	<u>Milo</u>	<u>Beans</u>	
Price	\$5.51	\$5.40	\$11.29		\$5.29	\$5.37	\$11.56	\$150.00		\$5.52	\$5.50	\$11.76	
Yield	82	81	25		110	115	31	3.6		120	90	35	
Expenses	\$377.41	\$336.20	\$266.43		\$374.01	\$281.86	\$255.57	\$340.37		\$442.66	\$306.89	\$308.79	
Net Income	\$74.41	\$101.20	\$15.82		\$207.89	\$335.69	\$102.79	\$199.63		\$219.74	\$188.11	\$102.81	

What costs and prices can you lock in today.

WINNING THE GAME™



Launch Your Preharvest Marketing Plan

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**NORTH CENTRAL
EXTENSION
RISK
MANAGEMENT
EDUCATION**

Marketing Basics





Launch Your Preharvest Marketing Plan

1. Examine the Key Elements of a Preharvest Marketing Plan
2. Review Preharvest Marketing Tools
3. Implement a plan within a realistic, computer-based market simulation

Goal of providing you information and the confidence to develop and implement your own preharvest marketing plan for 2022.



Workshops Across Kansas in 2022

1. Jan. 5, Dighton, KS – Walnut Creek Extension District
2. Jan. 6, Phillipsburg, KS – Phillips-Rooks Extension District
3. Jan. 17, Girard, KS – Southwind & Wildcat Extension Districts
4. Jan. 19, Wichita, KS – Sedgwick County Extension
5. Jan. 20, Newton/Hesston, KS – Harvey County Extension
6. Jan. 24, Salina/Abilene, KS – Central KS & Chisolm Trail Districts
7. Jan. 31, Liberal, KS – Wild West Extension District
8. Feb. 1, Leoti, KS – Wichita County & West Plains Extension District
9. Feb. 2, Oberlin/Norton/Hoxie, KS – Rawlins County & Twin Creeks
Extension District
10. Feb. 9, Richmond, KS – Brown County & Frontier Extension District
11. Feb. 11, Seneca/Oskaloosa/Hiawatha, KS – Brown County and
Meadowlark Extension District