NUTRIFOCUS LIMITED

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KEEPING THE SPOTLIGHT ON CROP NUTRITION

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When we sent out our last Newsletter in early October the World Urea price had just started to fall. Since then we have seen the urea market collapse and today Granular Urea is available in the UK in a bag at around £270 per tonne, which at 60p/kg of N is half the cost of quality Ammonium Nitrate.

As we know there are issues with volatilisation of urea but at half the cost of AN and with current cereal prices Granular Urea must look attractive to those still to buy N or looking for top up tonnage.

Unfortunately this price drop is too late to help the majority of farmers who have already bought their N.

Why has the price dropped so dramatically? It seems a long time ago, but if you go back a few months the fertiliser markets were "on fire". Cereal prices were buoyant (remember), demand for fertiliser was non stop, products were in short supply and prices were rising almost daily. As a result the fertiliser manufacturers were running at maximum production capacity and, all of a sudden demand stopped. This was for a combination of reasons but predominately due to lack of finance. Whether the buyer was a Government or a leading trading company their liquidity was questioned and Letters of Credit and Bank Guarantees became difficult to secure.

With producers at full capacity and no market the collapse of the price was inevitable. Production capacity has now been significantly reduced and we understand that at a Global level supply and demand expectations for early 2009 are now much more in balance so maybe the urea market has bottomed out, time will tell.

The reductions in the World Urea price have been predicted for a while but the extreme conditions witnessed recently have brought that reduction forward at least 2 years. The Ammonium Nitrate market has been much less affected. It is a smaller market with fewer producers and the production process is more complicated and costly. The interesting scenario will be when we start to look at purchasing for 2010 use. I think we will see a decoupling of the urea and AN price with each product reaching its own market level and then it will be a case of looking at which product is the most suitable for you.

DEMAND FOR NUTRIENT PLANNING: We have seen an increased demand for our Nutrient Planning services (NutriPlan) which is a direct result of the pending changes to the NVZ rules.

The reason we established NutriFocus was because we could see that the quality of advice given to farmers on crop nutrition and fertiliser planning was generally poor. We identified a need for quality advice on what nutrient was needed but more importantly what was the most cost effective way and best mix of products to deliver that nutrient requirement.

That has not changed and we still argue that the main reason for using our services is better and more cost effective nutrient management, the compliance with all the rules and regulations is an added bonus.

For Spring 2009 we will, once again be offering our SOIL MINERAL NITROGEN testing service. Our experience shows that whilst the quality of the sampling and testing is important it is the interpretation of the results that is the key issue with this service. There will be a reminder in January but we expect demand to be high so if you think you will require SOIL MINERAL NITROGEN testing please let us know ASAP.

For information on any of the above items or for any fertiliser or lime requirement please call 01243 261342