FarmWeek
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Can ag products withstand a recession?

BY DANIEL GRANT
FarmWeek

The idea that demand for ag products is somewhat recession-proof due to people's need for food, fiber and fuel could be tested in the months ahead.

Dan Basse, president of AgResource Co., predicts economic headwinds could increase through the year and into 2023. But commodity prices could remain fairly strong due, in part, to tight crop supplies, strong demand and the very inflation the Federal Reserve is attempting to tame.

"The supply side is bullish, but the macroeconomics are bearish due to recessionary pressure," Basse told attendees of the Land Pro fall seminar in Morris.

Either way, it could be a bumpy ride ahead with a continuation of large price swings in the commodity markets. Risk management will remain critical to farm planning.

"I think we'll have extremely volatile markets moving forward" with prices ranging anywhere from $10 to $18 per bushel for beans and $5 to $8 for corn, he said.

On the supply side, the world needs another 25 million to 27 million acres of farmland in the next five years to meet demand, according to the analyst. Drought in China, Europe, South America and the U.S., along with the war in Ukraine, took a large bite out of anticipated crop production this year.

Adverse spring conditions also resulted in 6.4 million prevent-plant acres in the U.S. this season, about triple the amount (2.1 million) recorded in 2021.

"It all gives us the biggest global grain supply shock since World War I (1914)," Basse said. "Big harvests are needed to return grain stocks-to-use ratios back to comfortable levels."

Meanwhile, 19 new soybean crush facilities are being built in the U.S. to

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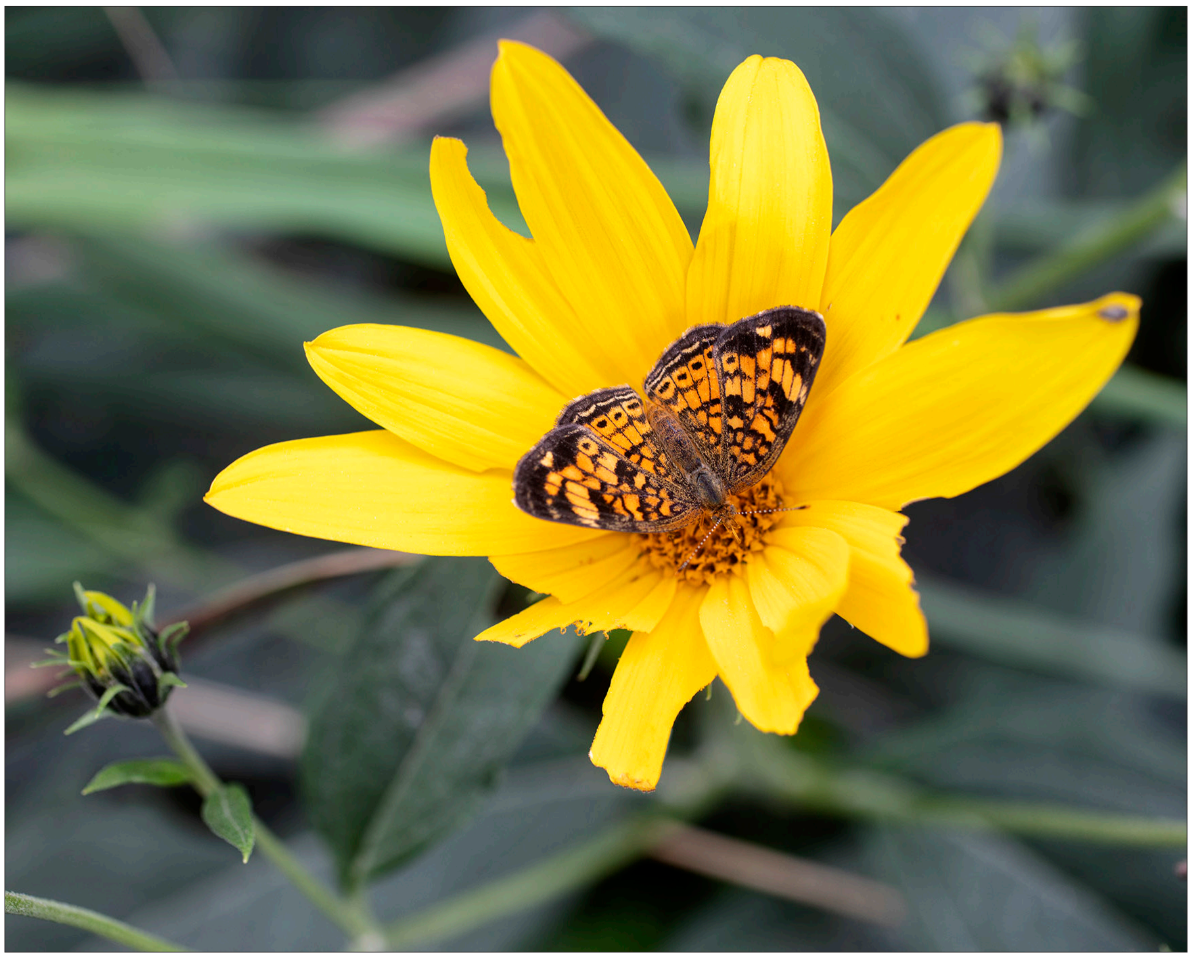
INSIDE:



BRIGHT SPOT A butterfly pollinates a flower alongside a Fulton County field. (Photo by Catrina Rawson)

Global issues will keep fertilizer prices higher

BY DANIEL GRANT
FarmWeek

U.S. farmers should be able to secure adequate supplies of fertilizer for the 2023 season.

But it appears prices could remain elevated due to ongoing volatility in the global markets, according to Josh Linville, director of fertilizer for StoneX Financial.

Natural gas prices soared 30% in northern Europe to start the month after Russia shut down flows through a major pipeline (Nord Stream) amid ongoing tensions over the war in Ukraine and subsequent sanctions put in place by Europe.

"Fertilizer (markets) have been wild and, unfortunately, a lot of it has to do with things that have nothing to do with the U.S.," Linville told the RFD Radio Network. "Right now, the nitrogen market globally is centered on Europe.

"We've lost a majority of European nitrogen production, and prices started to skyrocket everywhere," he noted. "We're all part of a global market. These are unprecedented times."

Average fertilizer prices in Illinois ranged from $1,150 to $1,485 per ton for anhydrous ammonia (up $91 from August), $825 to $900 for urea, $940 to $965 for diammonium phosphate, $890 to $995 for monoammonium phosphate, and $560 to $630 for liquid N 28% spread, according to the bi-weekly Illinois Production Cost

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Consider these factors during cash rent negotiations

BY DANIEL GRANT
FarmWeek

Communication between farm tenants and landlords will be as important as ever this fall for those setting cash rental rates for 2023.

That's especially true in Illinois, where about 50% of all farmland is rented, compared to 45% in Indiana, 41% in Iowa and 37% in Ohio, according to Gary Schnitkey, Soybean Industry Chair in Agricultural Strategy at the University of Illinois.

"Illinois has the largest percentage of rented ground in the U.S.," Schnitkey said at the Land Pro fall seminar in Morris. "It illustrates the importance of cash rental rates on these grain farms."

Cash rent negotiations could be complicated this year by inflation. Farmland prices in Illinois increased by an average of 18% the first half of this year, according to the Illinois Society of Professional Farm Managers and Rural Appraisers (ISPFMRA), and commodity prices remain strong entering harvest. But input costs are projected to set a record next year and weigh heavily on farm margins.

"We've had a couple years of good prices, so we're likely

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