



Fertilizer and fuel price outlook

As spring arrives, you're probably anticipating Mother Nature's wonderful green return. While green is great when it comes replacing the white and brown winter blah's; it's not so wonderful watching green leave your wallet. So far in 2017, signs appear to be mostly positive for lower fertilizer prices compared to this time last year. Unfortunately, the same can't be said for fuel prices.

2017 spring fertilizer prices are likely to remain lower in 2016

Currently, retail prices for fertilizers like urea, potash, and UAN are lower than last year at this time, but, with the recent upward price trend for most, there's no guarantee the prices will remain lower than spring 2016 levels. Still, most signs point to no major surprises, and the majority of prices will likely remain a little bit lower.

It's promising to know that most fertilizer prices will remain lower than the beginning of last year's season. How much lower? One USDA report showed fertilizer costs for corn planted on the past season's soybean ground were as high as \$162 in 2012, \$95 in 2016, and are now projected to be \$86 for 2017. That sounds good to us.

No major fluctuations expected for fuel prices

The price of oil, while currently falling lower, is forecast to return \$55+ per barrel level by mid-summer. The increase, if it does happen, will likely result from OPEC output cuts. And while oil prices certainly impact gasoline prices, gas is subject to somewhat different supply and demand factors which are often due to production limitations that are a result of aging and overstrained refineries.

Right now, these limitations aren't a major factor since there is a huge surplus of gas - to the tune of nearly 260 million barrels. This is the largest surplus ever since the EIA started tracking the data nearly 30 years ago. The surplus is big enough that in recent weeks there have even been reports of tankers being turned away at New York Harbor...

While an increased summer demand should reduce a sizable portion of the excess, it won't happen overnight. The fact that there's a historic oversupply makes it hard not to assume that gas and oil prices will remain relatively stable throughout the year. Still, it's unlikely that the lows of 2016 will return.

Helpful nitrogen application rate tool

Charles Brown, an Iowa State Extension Farm Management Specialist, recommends taking a look at this nitrogen rate calculator: <http://cnrc.agron.iastate.edu>

The tool allows you to select your state and region, crop rotation, fertilizer price, and corn price, and it will generate data and a chart showing returns to various levels of nitrogen

applications.

For farmers looking to save costs, Mr Brown says, “You can maybe cut application rates without hurting yield.” When farm profits were strong several years ago, some farmers built up fertility in their soils and could mine the potash and phosphate in the soil, applying at a replacement rate or less.

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