



I.D.E.A. Industry Update - February 21, 2003

Big Increase in Fertilizer Prices

There has been a major increase in fertilizer prices over the last few weeks. Retail outlets are reporting a price for urea (46-0-0) in the range of \$385 to \$400 a tonne. Last spring and in the fall of last year, urea could be purchased for \$300 a tonne or less. Phosphate fertilizer prices (11-52-0) have also risen, although not as dramatically. The current retail price for phosphate is \$400 or more per tonne. Last spring, Saskatchewan's Farm Input Price Survey was showing a price of around \$360 a tonne.

Sources in the industry quote a number of reasons for the increases. Rising natural gas prices have squeezed margins for fertilizer manufacturers causing some to close their least profitable operations. This, in turn, has cut fertilizer supply. Nation wide strikes in Venezuela have caused the shutdown of a couple of large fertilizer plants in that country that would otherwise be pumping out large volumes of urea. Those plants have been closed since December. Industry sources also say the Cargill plant at Belle Plaine, Saskatchewan (Saskferco) has been down due to some maintenance issues.

Some observers believe the sharp price increases may be overdone. They believe prices may slide back down a bit before seeding.

Lower Prices Predicted for Mustard Seed

The Market Analysis Division of Agriculture and Agri-Food Canada has produced a bulletin on mustard seed. Average prices for the upcoming crop year are expected to decrease from current levels, but remain high compared to historical levels. The analysis assumes Canadian seeded acreage will remain high at about 700,000 acres. Due to dry soil conditions in many areas of western Canada, average yields are forecast at below trend, but higher than in 2002-03. Normal abandonment rates and normal precipitation during the growing season are assumed. A production increase of 50 percent is forecast. Due to low carry-in stocks, supply is forecast to increase by only 25 percent.

In the current crop year, the price of yellow mustard is expected to average 36 cents a pound. In the upcoming crop year, AAFC believes the average will drop to 23 cents. Brown mustard has averaged 33 cents a pound in the current crop year. That is expected to decline to 20 cents. Oriental mustard which has averaged 21 cents is expected to have an average price of 18 cents in the new crop year.

Canada dominates world mustard seed exports, accounting for about 70 percent of total trade. Saskatchewan had about 81 percent of Canadian mustard seed production in 2002-03, followed by Alberta at 12 percent and Manitoba at 7 percent.

The five top importing countries are Bangladesh, the United States, Germany, France and Netherlands.

Dry Bean Acreage Could Drop 25 Percent

Edible dry bean acres in Canada and the United States could drop by 25 percent this year because of

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higher yields last year and a higher carryover than expected.

Sean MacKenzie, marketing manager for the Hensall District Co-op in Ontario, speaking at Bean Days in Morden, Manitoba said the biggest question from growers is why the market plummeted when beans looked so good in 2002.

"Yields were substantially higher, about three bags an acre, across Canada and the US and the second factor had to do with USDA numbers," he said.

Around November, the USDA reported about a million more bags of navy beans than what the trade had expected.

"That's the first I've ever seen the trade saying the USDA number was wrong," said the analyst from Ontario. "You can't fight the USDA numbers because they've been accurate over the years." The trade now feels the USDA numbers may be right after all.

The higher yields and an extra million bags of supply out at the end of the market virtually in a day dropped the price almost \$3 dollars a cwt. It's the same story for blacks and pintos.

With a fickle or volatile market, producers thought acres would drop last year so many said, "I'm doing what my neighbour isn't doing and decided to plant anyway."

That's why many growers are negative about beans for this coming year and the projected 25 percent drop in acres in Canada and closer to 30 or 40 percent in the U.S.

Ramboc Enterprises Becomes Dealer for Beeline Technologies

Ramboc has announced it has added BEELINE Technologies to its product list. BEELINE Technologies, Inc. is a privately held company which has achieved global market leadership in GPS/INS steering systems for self-propelled agricultural equipment. The company, headquartered in Brisbane, Australia, was founded by farmers and currently has offices in Fresno, California and Westminster, Colorado. In 1998, BEELINE was the first to market hands-free Steering Assist equipment, which uses a mix of GPS and INS technology to achieve increased accuracy, productivity and savings.

The newest addition to the BEELINE family is the Arro™, one of the most user-friendly hands-free Steering Assist products on the market, built in accordance to CANbus ISO11783 specifications for electronic network components on agricultural machinery. It is designed to achieve increased accuracy and higher levels of tractor and implement integration. Ramboc is offering this technology in its new product catalogue.

For more information, contact Ramboc at 1-888-947-2626 or look online at www.ramboc.com.