



Crop Input Fundamentals Report

December 2020

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North American Agriculture Fundamentals

- The USDA's most recent supply and demand outlook for corn and soybeans further tightened ending stocks, which are now at their lowest levels since 2013/14. The tightening S&D forecast was driven by lower US supply (reduced acreage and yields vs expectations) and increased export demand. Fundamentally this tightening in US supply and demand has increased crop prices at a key time of the year where growers are harvesting and selling their crop into the market. Corn prices are up ~19% and soybean prices are up ~20% since August. This has significantly improved the sentiment for US growers after a bearish 1H to 2020 and has improved the outlook for 2021 as the tight S&D and improved prices are supportive of increased acreage in 2021.
- US corn and soybean export sales commitments are at record levels, up 162% and 106% y-o-y respectively. This demand is primarily driven by China, where the rebuilding hog herd and fast economic recovery post-pandemic is driving high domestic demand. Domestic supplies are tight in China driven in part by a structural shortfall of corn production as production has fallen short of demand in each of the past 3 years. There is potential for further upside in Chinese imports.
- The 2020/21 crop in Western Canada was much improved versus 2019. Growers were able to complete their harvest much faster than average, allowing for much needed fall fieldwork and fertilizer applications to be completed. Exports for canola are well above average and is 38% higher than in 2019, which has boosted grower sentiment. Crop prices have been strong this fall improving the financial standing of Canadian growers and improves the outlook for 2021.

Global Agriculture Fundamentals

- South American growers are busy seeding their first crops, notably soybeans in Brazil and Argentina. The La Nina weather pattern has resulted in abnormally dry conditions, which has delayed planting. The delay in planting and dry weather poses a risk to soybean and corn production for the 2020/21 season. Some of the safrinha corn crop may be planted outside of the ideal window as a result of the slow soybean planting, and there is likely to be a delay to the start of the South American export season. Brazilian growers are benefiting from near-record domestic corn and soybean prices, which will likely result in strong returns.
- Precipitation in Australia has greatly improved winter crop production after 2 seasons of drought, ABARES calls for a 76% production increase versus 2019. Trade relations with China remain a headwind for Australian growers after tariffs and bans were placed on agricultural imports by China.

Potash Market

- Global potash demand has been strong in 2020 and we continue to expect global potash shipments and consumption to increase by approximately 2.0 million tonnes from 2019 levels. As a result, we maintain our 2020 shipment forecast between 65 and 67 million tonnes.
- Favorable fall application conditions in North America has supported strong potash demand. We expect that potash delivered in North America in the fall of 2020 will largely be applied to ground and that channel inventories will be lower at the end of 2020 compared to recent years. Demand in Brazil remains healthy and year-to-date imports are up approximately 3 percent.
- We also expect that strong fall applications in China, driven by historically high crop prices in combination with seasonal increases in compound NPK production, will support strong potash consumption in the remainder of 2020. Meanwhile, demand in India will continue to be supported by the favorable growing conditions and increased minimum support prices for crops. Buyers in Indonesia and Malaysia have also been more engaged in recent weeks as palm oil prices have sustained strong levels.

Nitrogen Market

- Global urea prices have been relatively stable as Indian import tenders have pulled significant volumes out of the trade market. The pace of Chinese urea exports has recently increased, along with Indian demand, but remains down around 10 percent in the first nine months of the year.
- Despite recent increases, North American urea prices remain discounted relative to the rest of the world, which is seasonally normal. However, offshore imports were down approximately 25 percent from July to September and prices need to increase significantly to reach import parity.
- Global ammonia prices have increased driven by improved industrial demand, higher global gas prices and production curtailments in East Asia and Trinidad.

Phosphate Market

- Global phosphate prices have trended higher in the second half of 2020 due to strong demand in India and Brazil.
- US prices have been supported by the combination of strong fall application demand and a reduction in offshore imports as a result of uncertainty surrounding the ongoing countervailing duties investigation.

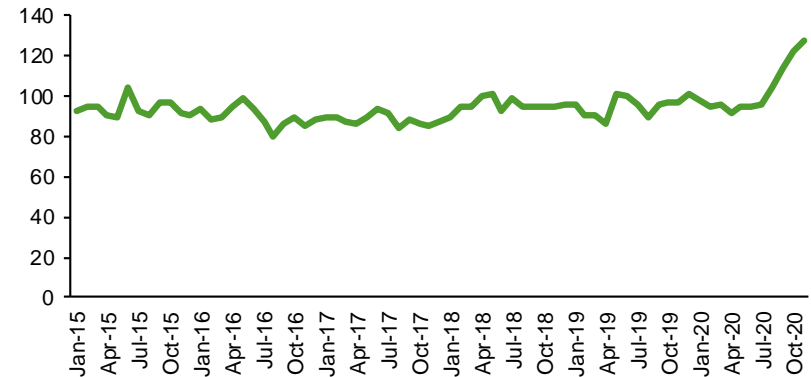
Key Crop Prices

Monthly Average Cash Prices

	Corn US\$/bu	Soybeans US\$/bu	Wheat US\$/bu	Cotton US\$/cwt	Canola CN\$/t	Brz Soy BRL/t
Nov-20 (month to date)	4.16	11.42	5.77	70	518	168
Aug-20	3.49	9.51	5.07	64	454	120
Nov-19	3.71	8.77	4.93	64	432	81

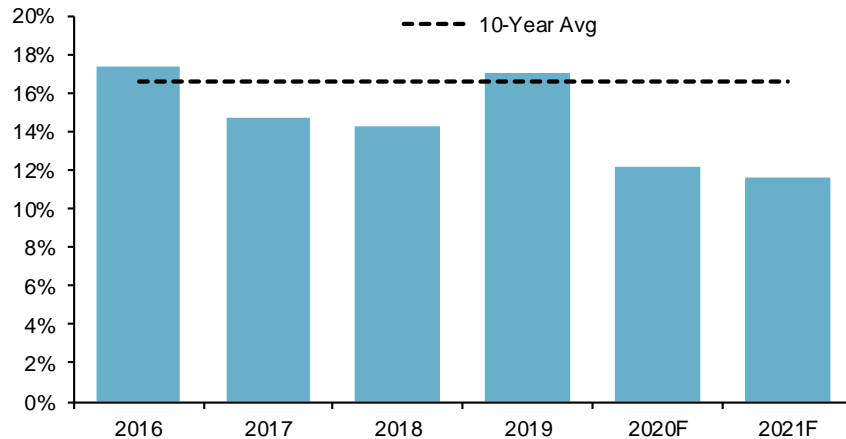
Crop Price Index¹

Index 2014-2015 = 100



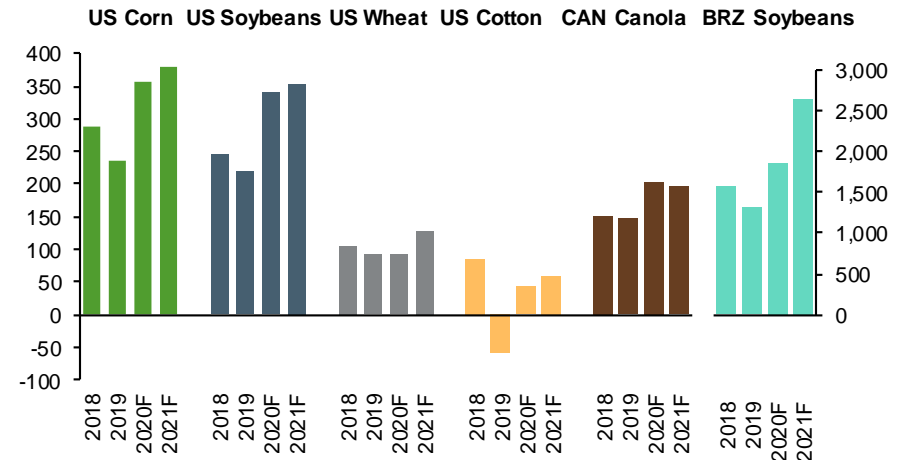
Fertilizer Cost as a % of US Corn Revenue

Percentage



Key Crop Grower Cash Margins

Local Currency Margin/Acre



Major Market Potash Imports

Thousand Tonnes KCl

Country	Year	Q1	Q2	Q3	Q4	CYTD	CY
US (offshore)	2018	502	361	365	278	1,229	1,507
	2019	674	275	344	254	1,293	1,547
	2020	347	300	195		842	
Brazil	2018	1,547	2,178	3,455	3,341	7,180	10,521
	2019	2,055	2,245	3,680	2,472	7,980	10,452
	2020	1,752	2,956	3,529		8,237	
China	2018	2,753	1,715	1,126	1,890	5,594	7,484
	2019	2,952	2,532	2,267	1,373	7,751	9,124
	2020	2,166	1,726	2,902		6,794	
India	2018	1,346	1,431	713	1,244	3,490	4,734
	2019	1,040	1,431	864	812	3,335	4,148
	2020	858	1,031	1,710		3,599	

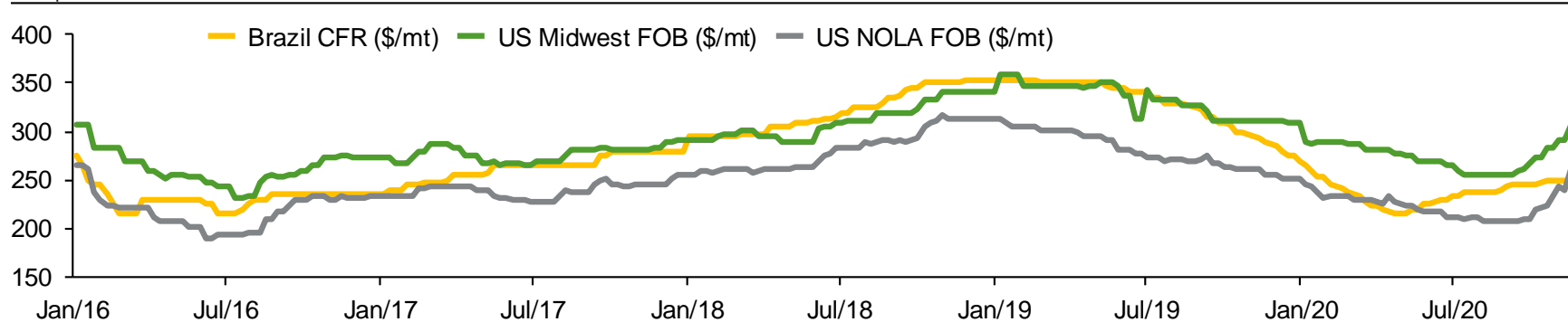
Global Potash Shipments

Million Tonnes KCl

Country / Region	2015	2016	2017	2018	2019	2020F
China	15.8	14.1	15.2	14.7	16.1	15.0-16.0
India	4.0	3.8	4.5	4.7	4.1	4.5-5.0
Other Asia	8.8	9.0	10.1	10.1	8.3	8.5-9.5
North America	8.6	9.7	10.4	10.6	8.9	9.5-10.0
Latin America	11.0	11.7	12.2	13.4	13.2	13.0-14.0
Other	12.2	12.0	12.8	13.2	13.2	13.5-14.0
Total	60.4	60.3	65.2	66.7	63.8	65-67

Select Potash Prices

US\$/tonne



Major Market Nitrogen Imports

Thousand Tonnes

Country	Year	Q1	Q2	Q3	Q4	CYTD	CY
China Urea Exports	2018	294	423	421	1,321	1,138	2,459
	2019	1,309	459	1,471	1,706	3,239	4,945
	2020	786	934	1,212		2,932	
India Urea Imports	2018	992	2,141	1,194	2,007	4,327	6,334
	2019	2,139	1,382	2,333	3,858	5,854	9,712
	2020	1,550	1,718	2,821		6,089	
US Ammonia Imports	2018	869	779	644	787	2,292	3,079
	2019	654	587	577	641	1,818	2,459
	2020	643	737	484		1,864	
US Urea Imports	2018	1,933	1,419	561	1,199	3,913	5,113
	2019	1,452	1,561	633	738	3,646	4,385
	2020	1,122	1,854	504		3,480	

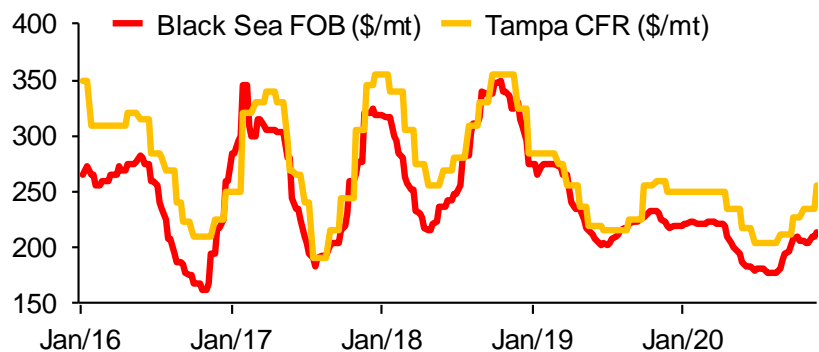
Key Energy Prices

Monthly Average Prices

	Henry Hub (US\$/MMBtu)	AECO NG (US\$/MMBtu)	EUR TTF (US\$/MMBtu)	China Anthracite (US\$/mt)	Brent Crude Oil (US\$/bbl)
Nov 2020	\$2.58	\$2.43	\$4.82	\$140	\$42.50
AUG 2020	\$2.30	\$1.50	\$2.82	\$126	\$44.74
Nov 2019	\$2.65	\$1.87	\$4.50	\$154	\$63.21

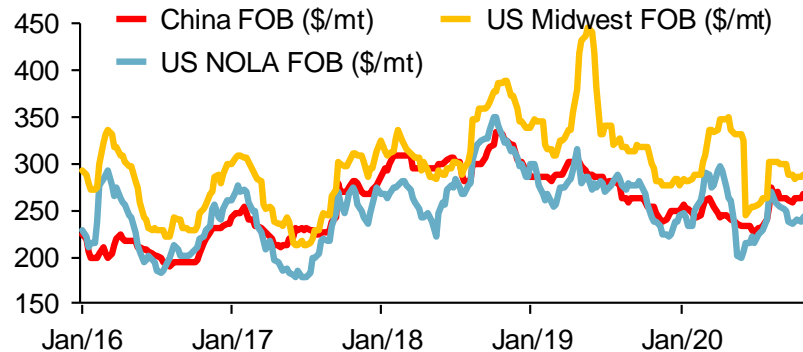
Select Ammonia Prices

US\$/tonne



Select Urea Prices

US\$/tonne



Major Market Phosphate Imports

Thousand Tonnes

Country	Year	Q1	Q2	Q3	Q4	CYTD	CY
US Imports (DAP/MAP)	2018	952	441	554	867	1,947	2,814
	2019	1,367	345	661	675	2,373	3,047
	2020	669	501	207		1,377	
Brazil Imports (DAP/MAP)	2018	478	612	1,603	988	2,693	3,681
	2019	620	966	1,493	1,105	3,080	4,184
	2020	861	1,614	1,543		4,019	
India DAP Imports	2018	418	2,063	2,001	1,506	4,482	5,988
	2019	1,032	1,877	1,370	1,034	4,279	5,313
	2020	589	1,227	2,413		4,229	

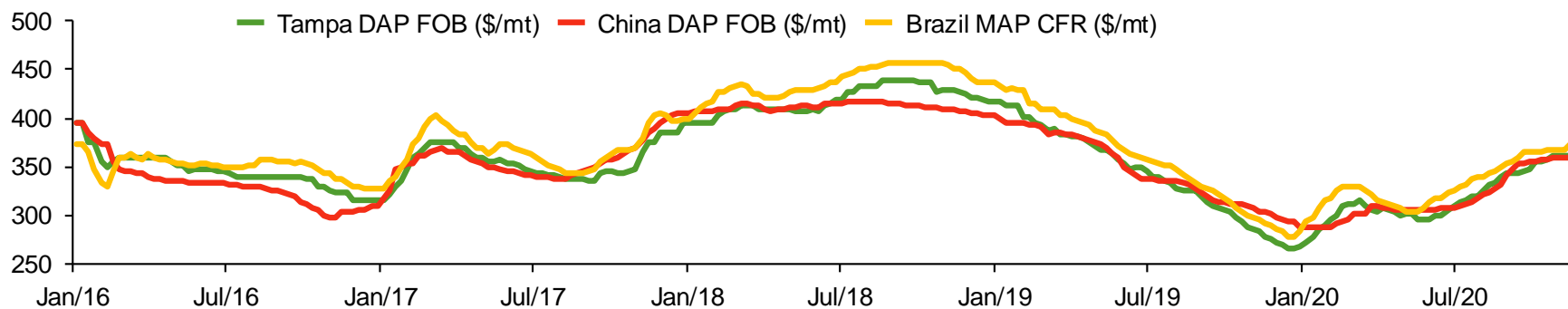
Key Producer Phosphate Exports

Thousand Tonnes

Country	Year	Q1	Q2	Q3	Q4	CYTD	CY
US Exports (DAP/MAP)	2018	879	778	753	871	2,409	3,280
	2019	873	1,025	975	881	2,874	3,754
	2020	873	979	739		2,590	
China Exports (DAP/MAP)	2018	987	2,519	3,117	3,335	6,623	9,958
	2019	1,550	2,580	2,747	1,990	6,878	8,868
	2020	1,395	1,873	2,824		6,092	

Select Phosphate Prices

US\$/tonne



Thank You!

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