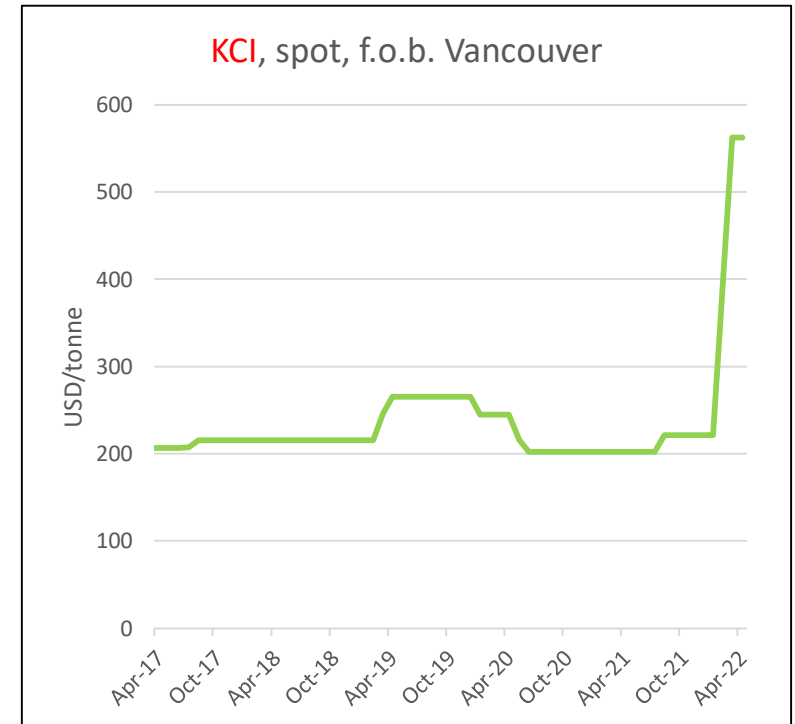
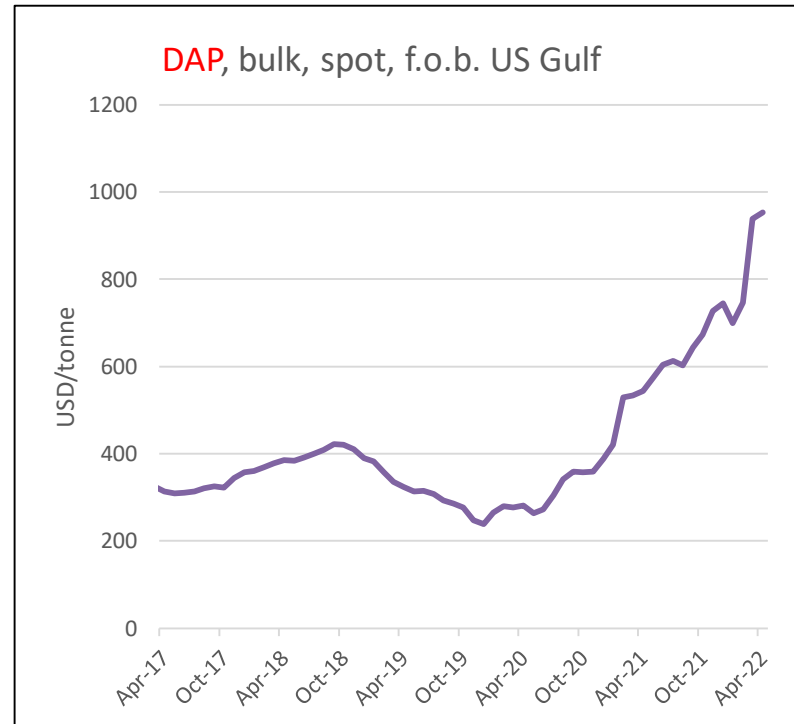
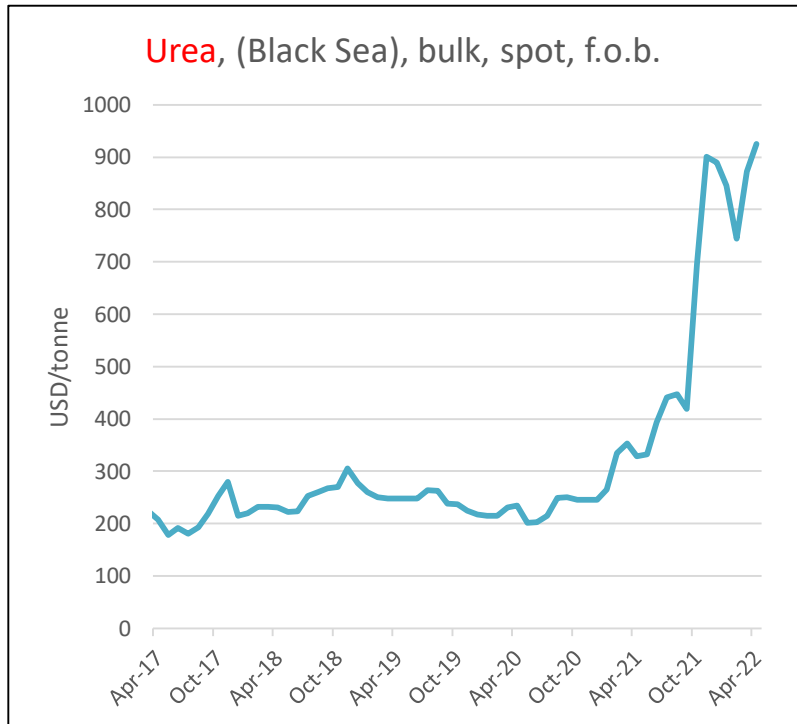


Soaring fertilizer costs

21st session of the AMIS
Global Food Market Information Group

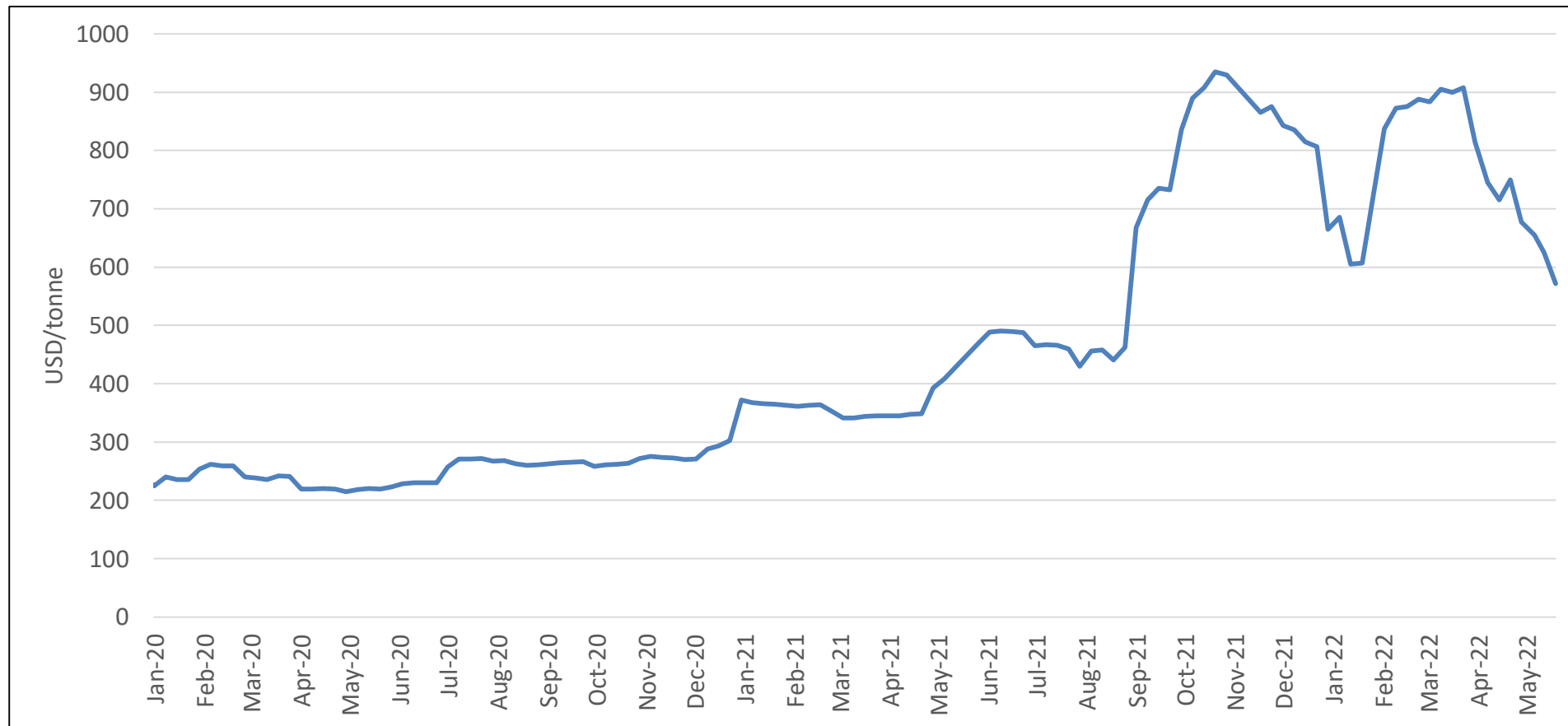
Josef Schmidhuber, Deputy Director, Markets and Trade Division, FAO
Rome, Wednesday, 21 June 2022

Higher fertilizer prices: Spot prices for N,P,K have spiked



Source: Index Mundi

Urea prices have dropped recently - but also sustainably?



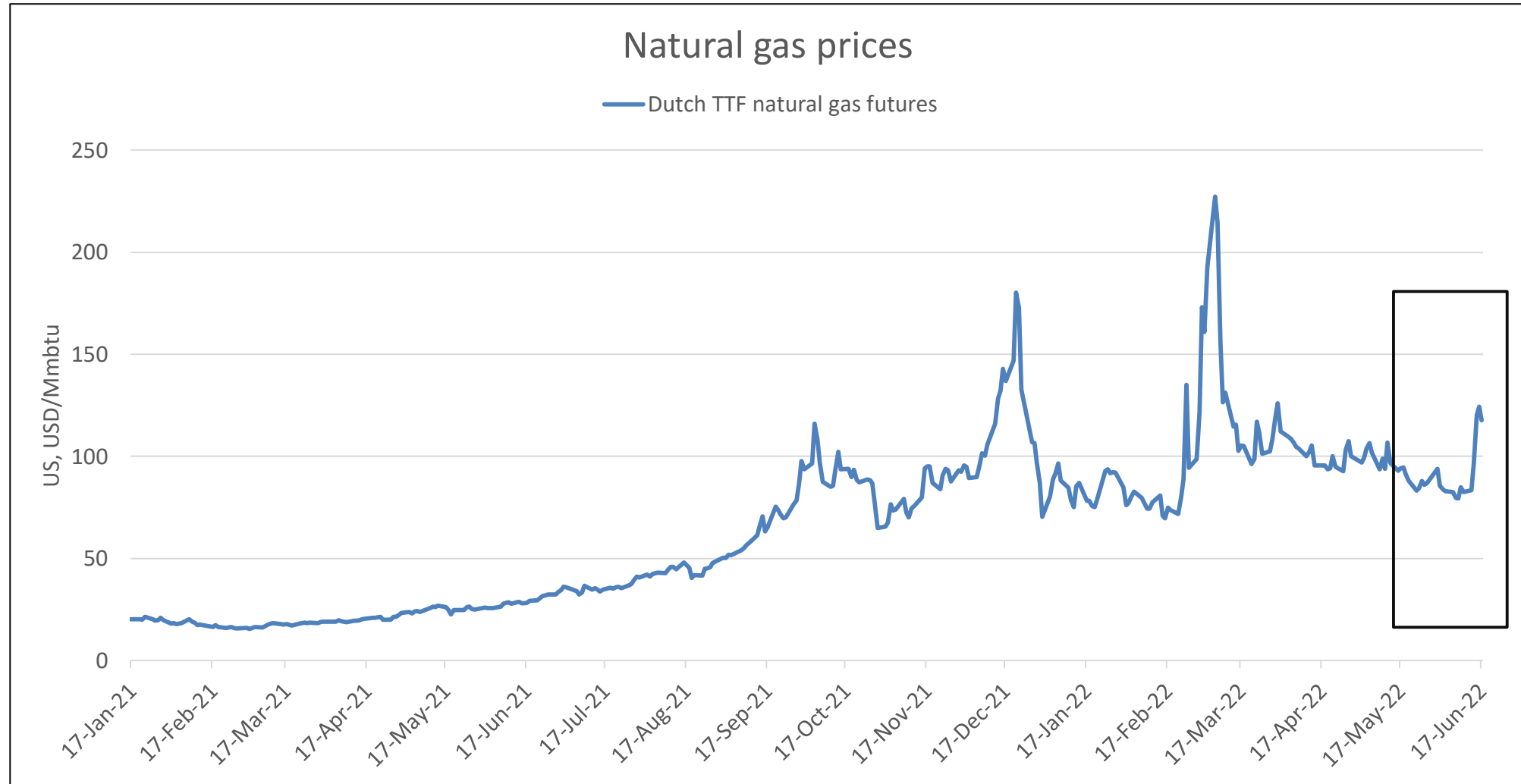
Source: investing.com; trading economics

Urea prices have dropped recently but also sustainably?

Down by half, but at twice their normal levels



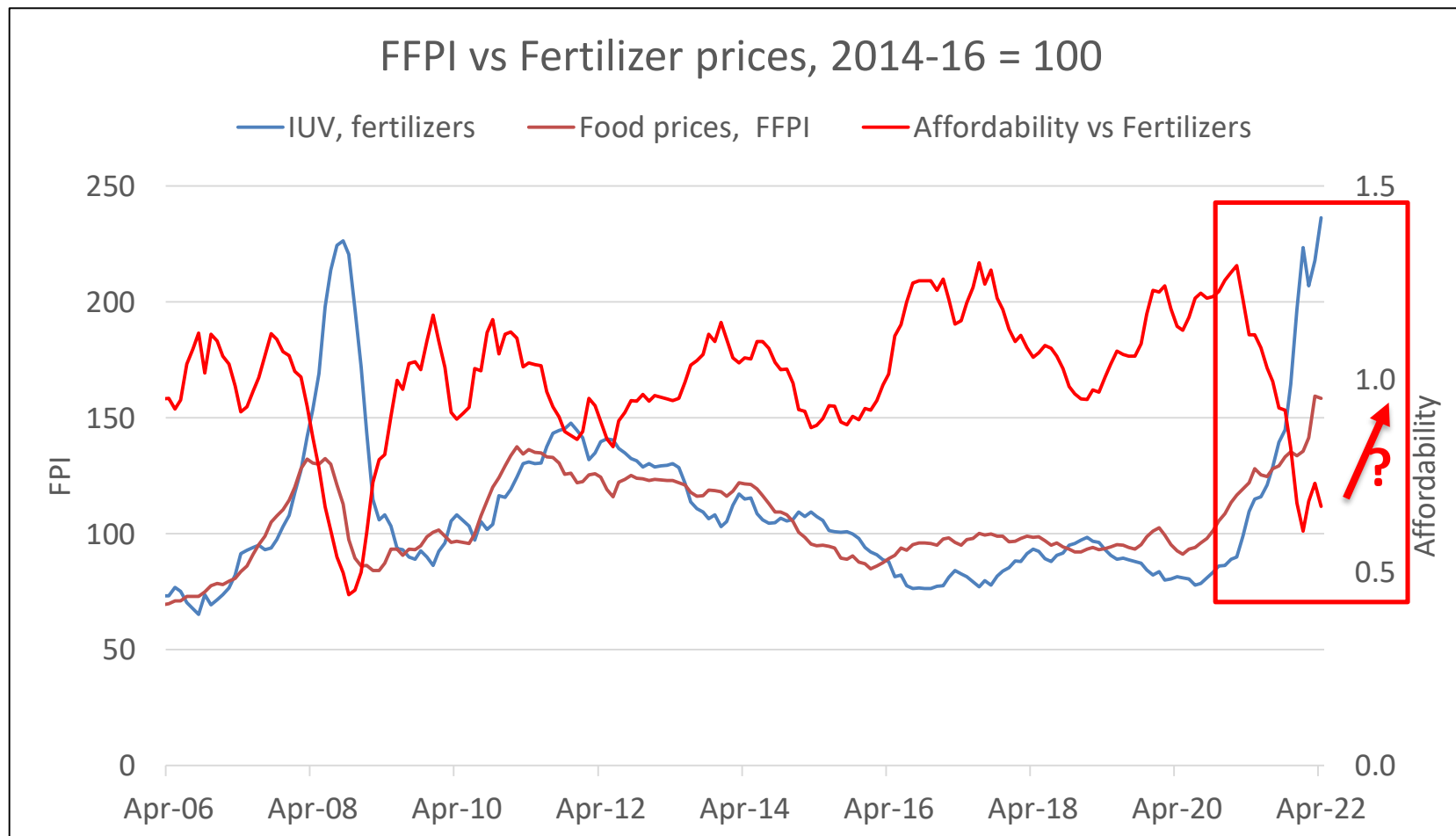
Source: investing.com; trading economics



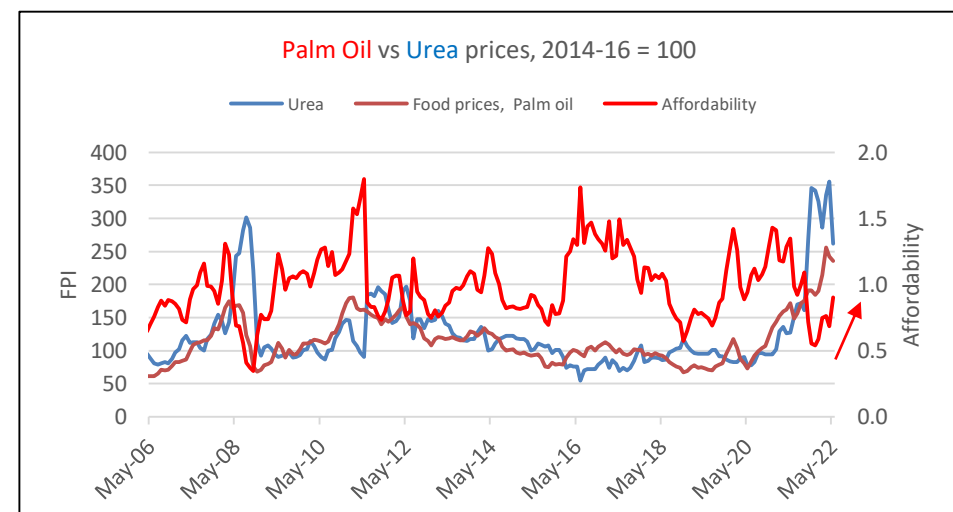
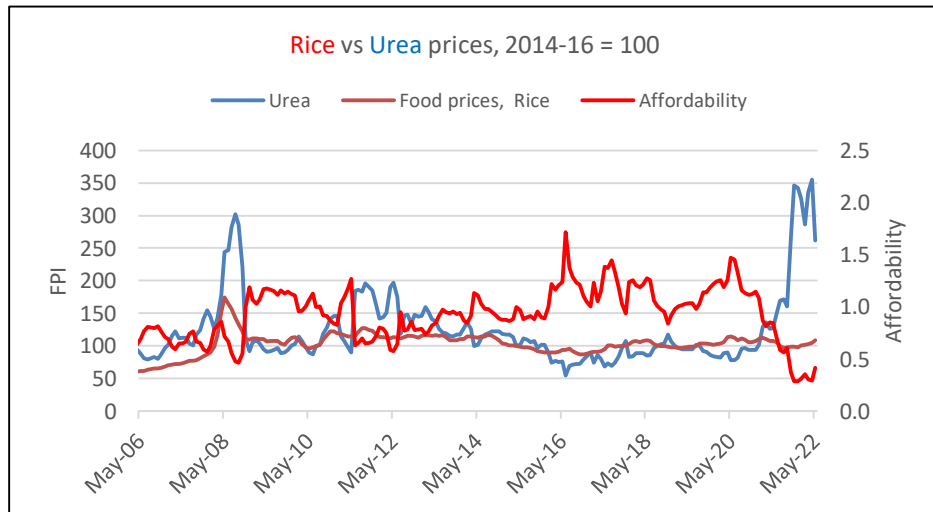
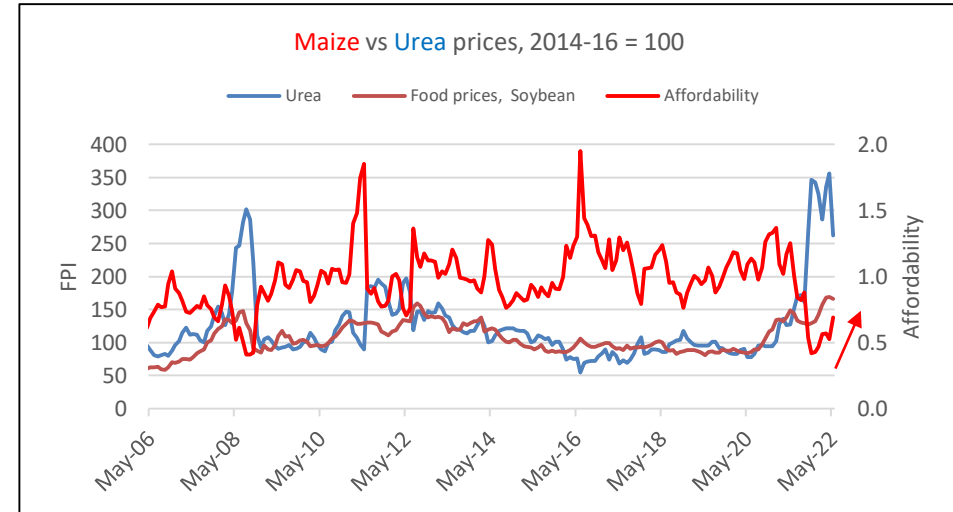
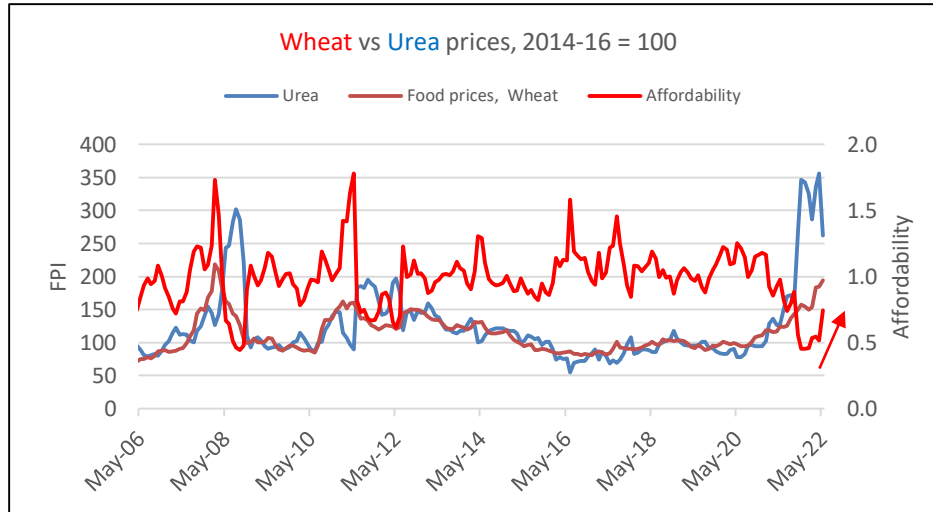
Source: Investing.com

The recent drop in urea prices in conjunction with cereal prices at a new all time high could **improve** affordability.

Overall fertilizer affordability continues to decline ...

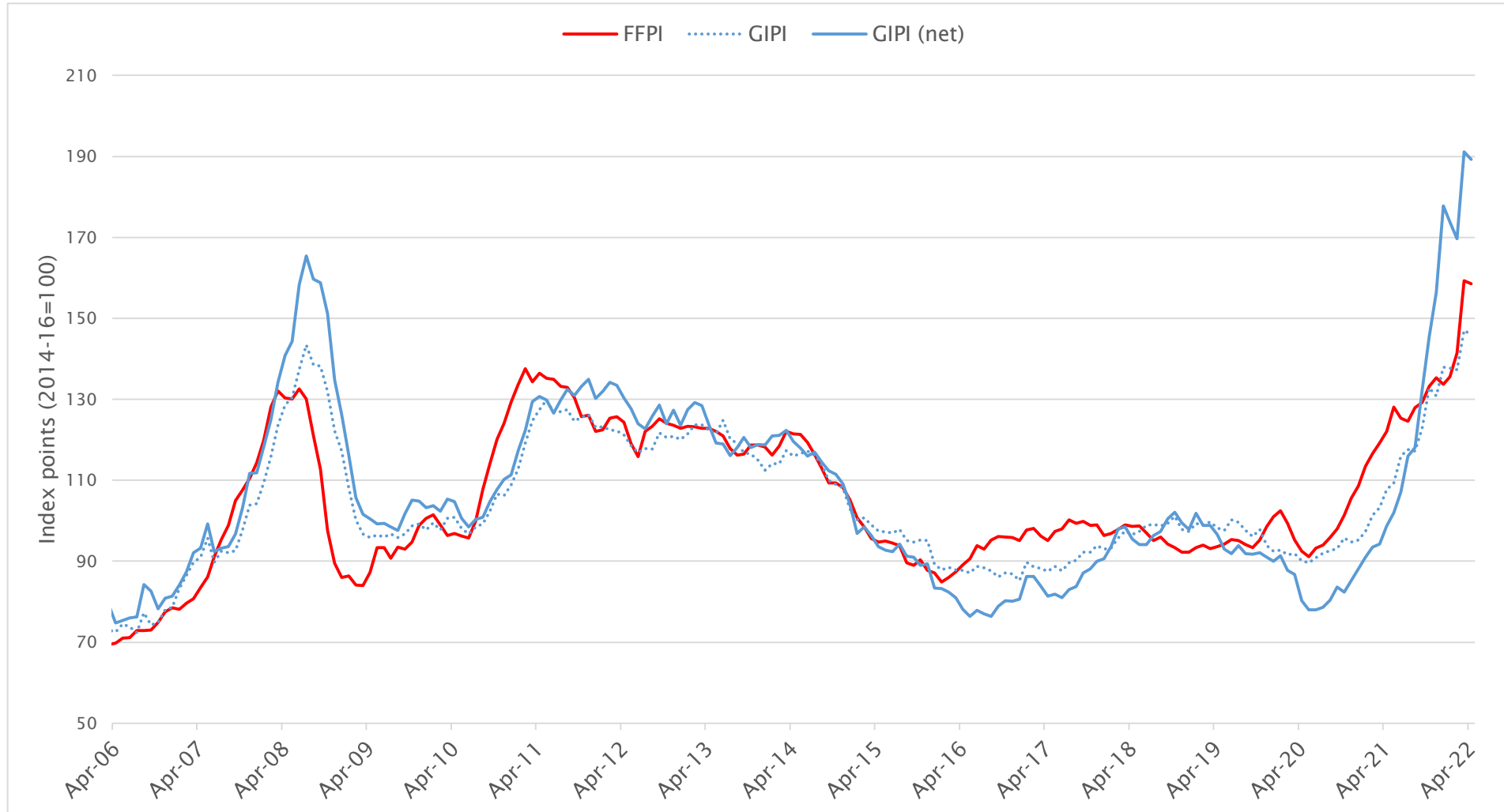


... but urea affordability is taking a timid turn to the upside

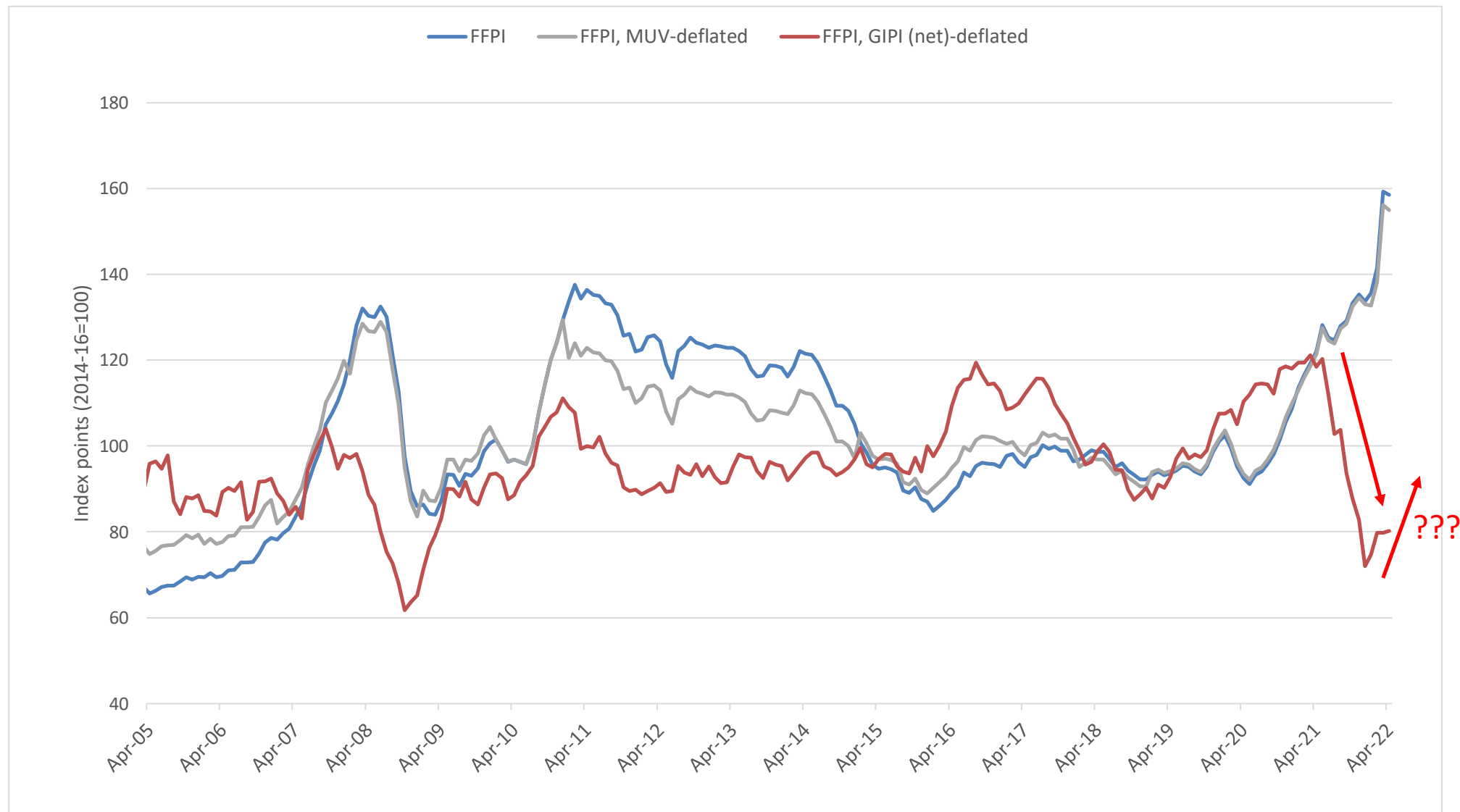


From narrow fertilizer affordability to broader input affordability

The aggregate cost picture: facing a rapidly rising global input price index (GIPI)



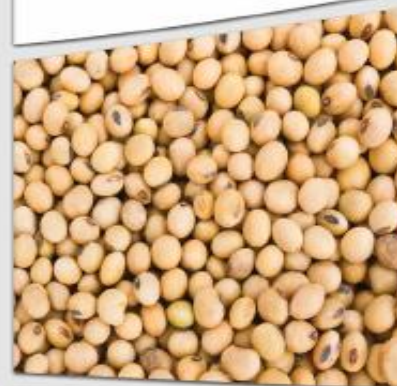
Real prices for farmers are low and falling, not high and rising



In conclusion

1. Food prices are high and rising, the incentive prices for farmers are not. Input prices have risen faster than output prices. Ditto for fertilizer.
However:
 - Urea: Recent declines in urea prices in conjunction with higher cereal prices improved affordability and increased margins for farmers.
 - Potash: Russia and Belarus continue to export: Farmers in importing countries (e.g., Brazil) are not buying, warehouse reserves are being replenished.
 - Fertilizer demand by Ukraine to decline in 2022/23. But by how much?
2. Lower supplies of natural gas to Europe for the rest of 2022; urea plants to close and/or reduce output, prices for N-fertilizers to rise again?
3. Overall input markets: input prices have risen faster than output prices.
4. What are the implications for global food production in 2022/23?

Thank you!



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