

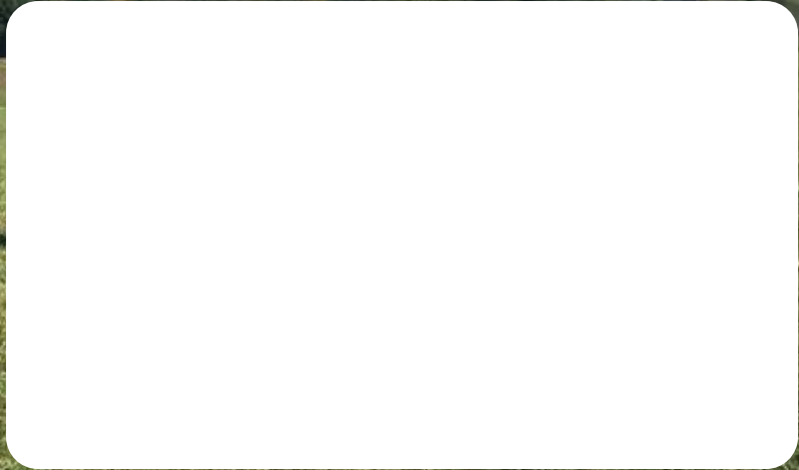
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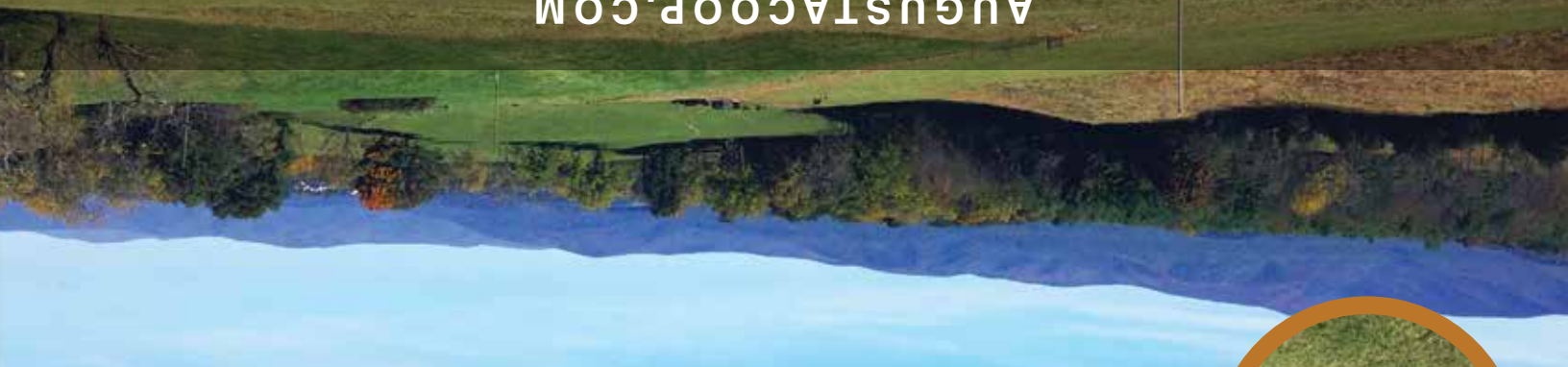
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AGRONOMY BULLETIN
January 2022



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2022 FERTILIZER AND CHEMICAL MARKET EXPECTATIONS

By: Troy Grimm (Augusta Co-op Agronomic Division Manager)

The 2021 crop season was certainly a challenge for most everyone in the valley and surrounding area. We saw the worst drought, in most places, since 1977. Prices on all inputs for crop production elevated quickly last spring. On the bright side, yields were better than expected and prices were pretty good this fall. It is really a testament to how far genetics in our hybrid seed has come in the last 10 years. 2021 was a challenge, but I want to address some of the issues we anticipate moving into the 2022 crop season and how we can manage these changes we are facing.

The biggest challenge we will face in 2022 will be high fertilizer prices. How did we get here? There are many reasons for the huge price increases in dry and liquid inputs this year. Natural gas in Europe is roughly \$25 per unit versus \$5 last year. This has caused some of the increase but there are many other factors. There has been legal action that has also affected fertilizer imports which has disrupted supply in the market. China is not exporting any fertilizer inputs this year and additional countries in the world are purchasing massive amounts of inputs (majority India). Therefore, demand is increasing quicker than the market can adapt. Additionally, there has been some weather events that have caused plant and mine closures this year. The shortage of trucks and railcars also impacts logistics. A combination of these factors leads us to short supply and higher prices. As of December 2021, we have seen as much as 75% to a 100% increase in price from the previous year.

In the chemical market we have similar problems. The inability to get tech material (the active ingredient) out of China is creating shortages. Elevated freight costs are also contributing to the price increases. At this point in time, we are most concerned about the shortage of Roundup and generic versions of Roundup in the U.S. Several large brands of generic Roundup will not be produced this year and we do not anticipate this shortage to correct itself in 2022.

Suppliers, including Augusta Co-op, have been allocated a certain number of products this year, ranging from grass material to pasture herbicides. What does this mean for chemical supply? We fully anticipate Roundup products will be in short supply this year. However, some of the allocated products to date, may not be in as short supply as some people think. This fall, chemical supply companies are reporting panic buying; in response, some of the chemical manufacturers are placing products on allocation to offset hoarding. These products may not be abundant but at the moment they are not sparse either. We will continue to monitor product availability closely through the next few months.

Now knowing all of the factors above, what can be done to manage the hurdles we are facing in 2022? First, get back to the basics and look at soil fertility via soil samples whether they are one year old or are multiple years old. This will get us a representative look at the fertility that is currently in the soil to start making management decisions for spring. If fertility is good then reducing the amount of fertilizer applied in the spring may be able to be made without destroying yield. We can also think about splitting the treatment into two applications. It may reduce risk by applying just what is needed for first cutting and then reevaluating prices in early summer. There is a good possibility that prices could correct moderately by May – June timeframe. Splitting application may help save cost and reduce risk.

Another consideration would be looking at what feed inputs that you will require for the winter of 2022-2023. Investigate alternative crops such as summer annuals to replace silage corn. This alternative feed source may reduce cost while still meeting your operations needs for feed. This also translates over to chemicals. Even in the event that some things maybe short, we can get creative with tank mixes to meet the crops needs for weed control. We have to continue to feed our livestock no matter what but we can do some things up front to help manage these high costs if we plan ahead for this growing season.

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Augusta Co-op is ready to help our customers navigate through the toughest challenges. **We will be offering our fertilizer pre-pay at an 8% discount if committed by January 8, 2022.** Augusta Co-op also offers a Cooperative Financial Solution (CFS) Crop Plan, which includes placing all of your crop inputs into a short-term line of credit. Payoff would take place at the end of the year at a low one-time fee, no APR. We have a great selection of forage seed of all types along with an adequate supply of chemicals for weed and pest control. Additionally, Augusta Co-op's field staff is ready to help with any agronomic needs for the spring season. We are here for you. Your success is our success.

Even though we may have to do things a little differently this year, with proper planning we can offset a bit of risk along with cost and still manage for a profit in 2022.

- Troy Grimm TGrimm@AugustaCoop.com or 540-430-3131
- Mark Weekley MWeekley@AugustaCoop.com or 540-569-0248
- Marc Clayton. MClayton@AugustaCoop.com or 540-294-5179
- Aaron Shull AShull@AugustaCoop.com or 540-480-6754
- Alex Botkin ABotkin@AugustaCoop.com or 540-290-8245
- Mercer Garnett MGarnett@AugustaCoop.com or 434-465-1933
- Joel Senger. JPSenger@AugustaCoop.com or 540-885-1265 x 224
- Staci Alger. SAlger@AugustaCoop.com or 540-885-1265 x 253



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EVENTS / CALENDAR

AGRONOMY CUSTOMER APPRECIATION DAY

Friday, February 4 11 AM – 2 PM
Verona Greener Valley Supply
963 Laurel Hill Rd, Verona, VA 24482
Additional information: RSVP to Staci Alger
at (540) 885-1265 x 253 or SAlger@AugustaCoop.com

AUGUSTA CO-OP VENDOR DAY

Wednesday, February 23 3 PM – 8 PM
NEW LOCATION! Augusta Expo Multipurpose Building
277 Expo Rd, Fishersville, VA 22939
Additional Information: www.AugustaCoop.com or (540) 885-1265
Book your 2022 items at drastically reduced rates at our annual vendor day!
Door prizes, food, educational seminars and much more!



NOW HIRING! For a full list of available positions visit:
www.AugustaCoop.com/About/Careers

Fertilizer Applicator / Maintenance Mechanic / Small Engine Mechanic
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