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We're proud to bring you quality products from the following suppliers:



*Scott Gebhart
Senior Grain Buyer*

COMMODITY CORNER

The World Bank recently proclaimed the end of the Commodity Super Cycle, just in case you were not watching the markets over the past few months. From a chart perspective, the commodity bubble looks like most other bubbles such as Housing and Dot.Com. This probably means that we will not see a recovery to the highs last summer anytime soon.

All commodities were correlated in an inverse relationship with the U.S. dollar. Oil is priced in U.S. dollars. Since 2001, the dollar fell 40%, and oil rose five-fold. At the same time, we had global economic expansion due to cheap interest rates. China boomed as they prepared for the Olympics, and other countries like India were filling their strategic oil reserves. We also witnessed the conversion of crops into fuel.

As a result, high grain and energy prices killed demand. The government went after energy speculators, and over-leveraged financial firms sold commodity holdings to generate cash. We are now left with corn and soybean carryout projections that have historically been associated with even lower prices than we are seeing today.

It's tough to find any arguments for higher grain prices over the next six to eight months. As usual, it will come down to the weather. The market will also get its first look at acreage ideas when the government releases the Prospective Plantings Report on March 31st. There is some concern that the corn acreage number could be lower than last year due to high input costs. Soybean acres will grow at the expense of wheat and cotton due to cheaper input costs. There is a huge amount of investment money sitting on the sidelines right now. This money is looking for somewhere to go. If there is some kind of "story" in commodities such as a weather scare, things could get interesting again.



SPRING 2009

Plant Nutrient Newsletter

www.andersonsnutrients.com



*Denny Addis
President,
Plant Nutrient Division*

The media ensures that a financial and economic crisis stays on everyone's mind these days. Certainly we must be very careful where and how we spend so that we come out of this a viable business; however, I maintain that there is no better industry in which to operate a business and work than agriculture. Agriculture is the bedrock of this country's economy, and our output is essential to human life. The big shock we and our customers are trying to absorb is the huge deflation to our outputs and inputs which occurred in the fourth quarter of 2008. This situation was much less the result of the economic downturn, but borne out of the tremendous commodity price inflation which occurred over the previous eighteen months. As bad as this situation was/is, it is temporary. The fundamentals of our business are still pretty sound. Although the stocks to use ratio in the major grains has grown a bit lately, it is still precariously low. The weaker dollar is encouraging more exports, and we have an administration and a Congress who are strong supporters of biofuels. Corn and soybean prices are reacting to these fundamentals to ensure that farmers are encouraged to plant the appropriate acres of each to meet demands. And the best of all fundamentals is that farm income was a record \$93.4 billion in 2008, and farm debt to asset ratio was less than 10% which is the lowest it has been in at least 25 years. I predict agriculture will rebound quickly leading other industries of this great country out of this recession.

I believe I have never addressed political issues in my previous articles; however, there are a couple of things brewing in Washington to which every business owner and manager needs to pay very close attention. The first issue deals with the right of workers voting on whether or not to be represented by a union to cast their ballot in secret; this is known as the Employee Free Choice Act. If Congress gets their way, they would repeal the right for workers to cast their ballot in secret, and as a consequence, potentially subjecting workers to intimidation from union organizers. This could result in a higher cost of doing business for many of us. The second issue is that the President is trying to use the budget reconciliation process as a vehicle to pass CO₂ cap-and-trade legislation. If successful, this would enact government sanctioned cap-and-trade which would likely influence nearly every part of the U.S. economy, without full venting and debate in Congress. Critics of using the budget reconciliation process as a vehicle for President Obama's cap-and-trade plan weighed in with a letter to the Democratic and Republican leaders of the Senate Budget Committee, saying the fast-track strategy should not be used for something as complex as a climate bill. "This procedure would circumvent normal Senate practice and would be inconsistent with the administration's stated goals of bipartisanship, cooperation, and

NOW AVAILABLE: SELF LOADING AT RIVER TERMINAL

Around-the-clock UAN loading has recently arrived at The Andersons' Toledo liquid terminal! In addition to the convenience of 24/7 self-serve accessibility, drivers no longer need to take the time to scale in/out, and they have the option of hauling either 32% or 28% UAN. This easy-to-use load out facility is designed to load trucks quickly and easily, while incorporating numerous safeguards to protect both the driver and the environment.

This state-of-the-art facility is now operational and open during our normal business hours. Currently it is manned by The Andersons' personnel as we familiarize ourselves with the new equipment and start the driver certification process. As part of this process, each driver will undergo hands-on training at the facility before they are granted self-serve access to the load out.

For additional information, contact your Territory Manager or Ted Fillmore, our Maumee/Toledo Manager.

RECEIVE YOUR INVOICES VIA E-MAIL OR FAX

We have recently added the capability of sending your invoices to you by email or by fax. This new service will provide your shipping information to you on a more timely basis, and it allows additional time between when you receive the invoice and when it's due.

If you are interested in receiving your invoices by email or fax, please contact your Territory Manager, and he will sign you up for this service. All you will need to do is provide the email address(es) where the invoices will be sent or provide your fax number(s). You will not receive a copy in the mail once this service is activated. We hope this added service will be a benefit to your company.

Thank you for your business, and we look forward to serving you this spring.

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openness." It is in your best interest to hold your representative and senator accountable to represent your interests, and I urge you to stay plugged in to the progression of these two issues and let your voice be heard.

In closing, I hope the spring unfolds with very good demand for your product and services. Also, encourage your employees to operate safely so they can go home to their loved ones in the same condition they came to work.



Jeff Bradford,
Agronomist

AGRONOMY CORNER

With input costs high and crop prices falling, many growers are looking for ways to cut expenses. One of the questions that comes up is do we still need to use starters? The first way to look at this is why do we use starters? We use starters to gain a larger, more robust plant (bigger plant = more yield potential), we try to gain a few days' earlier pollination time (heat avoidance), have drier grain at harvest (lower drying cost). Each of these is an important aspect of maintaining optimum yield conditions. We generally see our best responses to starter in cool soils, wet soils, early and late planting dates, and low soil test phosphorus levels.

What is the difference between broadcast phosphorus and starter banded phosphorus? The answer is efficiency. Starters are designed for fast availability and are placed close to the seed for early root uptake. Early phosphorus uptake is correlated to corn yield. Banding phosphorus also is not tied up by the soil as fast as broadcast phosphorus. If you think in terms of dollars spent, starter banded phosphorus is the best dollar spent on phosphorus. It may be better to lower the broadcast phosphorus applications and keep starter phosphorus in the fertility program. What are some things that we can do to help offset the high cost per acre? One of the first things that we can do is look at our rates. Are we applying 150 to 200 lbs of 10-34-0 to the acre? Maybe we reduce the rate to 100 to 125 lbs 10-34-0 to the acre. We can also use lower amounts of phosphorus in the starter and blend in more nitrogen.

Another way to change application rates is to change the location to the seed. As we move the starter closer to the seed the less starter we use based on seed safety and quickness to plant uptake. In-furrow rates are three to five gallon, and in-furrow applicators are fairly inexpensive if you have an existing starter setup on the planter.

Starters are important in the crop production system. There are ways to keep starters in the fertility program. We may have to make modifications to how we use them.

ADDED PELLETIZED PRODUCT SALES FOCUS

Welcome to John Uliveto, Manager, Pel Product Sales, National and Commercial Accounts for Pelletized Lime and Gypsum. His responsibilities include sales from all of our production facilities. John has spent the last 20 years selling and managing Mineral Processing, Inc., a company that we acquired last year. Before that, John worked 12 years for Lesco. John's wife, Susan, is our Customer Service representative at our Carey plant. They have two daughters and three grandchildren. John and Susan look forward to continuing their established relationships and making new ones.



Steve Eberly
Product Manager

PHOSPHATE OUTLOOK

After reaching record high prices back in September of 2008, DAP/MAP values are now more than 70% off their high water mark. A major reduction in fall usage caused many of us to carry over inventory that is still impacting some bottom lines. The 70% reduction in price might seem to suggest a buy signal; however, production costs for DAP and MAP have gone down significantly due to ammonia and sulfur reductions, so many in the trade are still concerned about the value of carryover tons after this spring. With well over 50% of U.S. and world production shut down, it will be interesting to see if the supply chain inventories get "right-sized" during the spring. If so, we'll likely see some strength come into the market, as we will need to restock the supply pipeline. If the spring is a disappointment, we could see DAP/MAP prices languish until corn or other commodity price indicators support stronger input demand for the 2010 crop.

Based on my travels this winter, it is clear that lower corn and other commodity prices have reinforced a negative attitude at the farmgate. Much like the larger economy, a generally negative attitude will not help us. Growers and dealers delaying cropping and fertilization decisions until the last minute will potentially create some logistical problems as we all try to get everything done. Stay in touch with The Anderson's local Territory Manager for the latest updates on price and availability.

HAVE A SAFE AND PROFITABLE SPRING!



PELLETIZED LIME OUTLOOK

Chris Taylor
Product Line Merchandiser

All three of our locations at Fairmount, Illinois, Seymour, Indiana, and Carey, Ohio, are in full production. Demand for pelletized limestone and gypsum has been strong, and we anticipate this to continue. We highly recommend early placement and scheduling of orders to ensure product is available when needed.

Ask about the "pH-K" program that offers three different blends of potash and pelletized limestone designed to fit a variety of applications and maximize nutrient efficiency by optimizing pH levels. For more info, visit our updated pelletized products website at: www.mineralprocess.com.

BLENDED PRODUCTS OUTLOOK

New this spring for liquid blends is a 9-27-0 + 2S starter w/ AVAIL® and a 28-0-0 w/ NutriSphere-N®. On the dry blend side of things, we are now offering DAP or MAP w/ AVAIL®, Urea w/ NutriSphere-N® and full blends such as 5-22-22 w/ AVAIL®, 17-17-17 w/ NutriSphere-N®, and 26-12-12 w/ NutriSphere-N®. Let our blending expertise and capabilities save time and effort in-season; at the same time giving you unique products to take to the marketplace.

These AVAIL® and NutriSphere-N® formulated items are specifically designed to improve fertilizer efficiency, and other custom blend options are available.



Rick Feedback
Product Manager

AMMONIA OUTLOOK Midwest

The long cold winter is about over and spring is near. A man's fancy naturally turns to ..ammonia preplant!!!. We've seen the price of ammonia drop dramatically since last fall. And the current spot cash price for ammonia is now \$200 per ton lower than March 2008. Interestingly, the difference in the spot natural gas price from March 08 to March 09 represents all of this \$200 per ton difference.

Additionally, the slowdown of the economy means less energy is being consumed. This is putting downward pressure on the price of natural gas, which will likely keep ammonia prices flat going into the spring season.

Availability of ammonia for the preplant season has mixed opinions. One producer stopped offering cash or prepay several months ago due to a large carryover of fall prepay tons and spring prepay tons already on the books. Others continue to sell cash and prepay tons, but new sales have been minimal. With any kind of decent weather for the spring preplant season, the lack of fall application ammonia will put added pressure on logistics and availability once the season opens up.

UAN OUTLOOK

The current spot cash price for uan is \$90 per ton lower than March 2008. The price has remained stagnant for several months waiting for demand to push it up.

Uan imports are estimated to be off 15% - 20% from year ago numbers. We've seen some cutbacks on domestic production as storage tanks became full with the lack of new sales. Supply looks to be in good shape as we start the spring season. With the fall fill business backing up into late winter, the concern will be the logistics of getting tanks resupplied once the demand hits. Uan supply will come up short this season as unknown demand and flat prices will keep distributors from taking long positions going into spring.

POLYPHOSPHATE OUTLOOK

Sales of liquid poly are off significantly year-to-date. There has been minimal buying since last September, and that has caused supplier storages to fill to capacity. One major producer of SPA (Super Phosphoric Acid) for poly production has been shut down since November of 2008. They resumed production in March but at a reduced rate. This shutdown will leave their total SPA output down 35% for the fertilizer year, and the overall supply of poly will be affected accordingly. While we've seen the prices of dry phosphate plummet, liquid poly hasn't kept pace with this decline.

With this picture comes the uncertainty for the liquid poly producer to continue to buy the SPA needed for the spring season.. This shortfall in poly supply leaves the prospect of major supply problems this spring. Everything depends on demand over the coming months, but for now, allocations are out the window, and tons will be sold on a first come, first served basis.



Tom Langevin
Product Manager

UREA OUTLOOK International:

The impact of the current global economic crisis on crop nutrients and specifically as it relates to international urea values can be described in two words...melt down. With energy markets upside down, credit in a shambles, and exchange rates hampered by the decline in the U.S. dollar, we look for world urea values to struggle to find any kind of equilibrium in the near future. Most major markets have cut back their appetites for long positions at any value and are more than willing to wait this crisis out. For all of the reasons mentioned, we see a downward pull on future urea values.

Domestic:

As go the international market woes, so go the domestic struggles for urea values going forward. Markets appeared to have bottomed out late 2008 with urea taking front and center. Urea values became so attractive we saw nitrogen switches from other forms of N. Ammonium sulfate producers, with long positions and the luxury of sulfur costs approaching zero cost, could not drop their prices fast enough to undercut current urea values. Early 2009, both markets continued to see strong demand and now have tapered off, with most of the industry just trying to position product purchased at the end of 2008. We see both markets remaining flat to soft as we move into spring. As most of the domestic market took a beating last year, we see distributors and dealers alike playing their cards very cautiously going into spring, so any surprise in demand could find the marketplace short. Many in the distribution channel would agree that being out of product is not the worst thing that can happen to any of our businesses.

POTASH OUTLOOK

International:

We are beginning to feel the ill effects of the global economic crisis on potash consumption overseas. With all major markets waiting on the sidelines for relief regarding prices, China appears to be taking the lead by not buying yet for 2009. Early indications were that China would begin negotiations at the end of January. Speculation today is that China could be out of the market until June or July. The important thing to realize here, at current world grain values, current economics on potash will not work regardless of where you are growing crops. As of this writing, BPC, one of the major Russian potash producers, has indicated lower potash values into the Brazilian markets. This is the first sign of any type of price concession worldwide on potash.

Domestic:

With North American potash producers standing firm at current untested values, the domestic market has been left with an opportunity to purge the pipeline. The \$1 million unanswered question, just how full was the it last summer when farmers decided not to buy. The sooner the market place can empty the pipeline, the sooner some type of normalcy will return to the domestic market place. Our recommendation is to play it very cautiously with long positions at any value on potash.