



as common in the eastern Corn Belt, so while distribution channels here are accustomed to supplying more preplant and in-season applications, the push back to spring application in other parts of the Corn Belt could strain the network as a whole. **CSD**

VALUE OF SUPPLIER RELATIONSHIP

These conditions place more importance on the value of supplier relationships. Manufacturers have been downloading much of the risk to suppliers. Suppliers do not have the risk-bearing ability to offset these price fluctuations. And with more nitrogen produced internationally, transportation and logistic issues will affect cost and supplies like never before. Therefore, growers will benefit from having some degree of assurance they will be able to get the product they need, when they need it and with adequate support both in expertise and equipment.

Checking fertilizer prices from more than one supplier may not be the best long-term decision. The financial condition of your supplier, his equipment and services available and consulting services may be more important than price. You need to be comfortable that your supplier will have the materials on hand when you need them this spring.

In summary, managing risk and maximizing profitability is less about minimizing input costs and more about getting good marketing results, managing machinery and labor cost per acre and agronomic management. ◀◀

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LONG-TERM RELATIONSHIPS MAXIMIZE BOTTOM LINES

While wholesale prices for many fertilizers have decreased sharply since the highs established last summer, local retail prices have not necessarily followed. The prices paid by retailers for fertilizer that will be applied this spring vary more than at any time in history. Some retailers wanting to secure supplies for their customers and protect against rising prices purchased a portion of their upcoming fertilizer needs at relatively higher prices last summer. They are now facing a problem with their customers who can purchase the same product elsewhere at a lower cost. Other suppliers who waited to commit – often those with limited storage capacity or strapped financially by making large margin calls on sold grain – are now paying generally lower wholesale prices.

These price differences are often more than the total cost per ton paid by these same retailers just a few years ago. Those who bought high will be trying to compete in the market but still attempt to cover their costs; those who paid lower prices may try to be more aggressive in pricing under their competitors. Since any individual retailer may be operating under a variety of conditions, a wide range of prices is to be expected locally.

LESS FERTILIZER WAS applied last fall in the Corn Belt than in several years due to the economic uncertainties and wet fall conditions. This has resulted in higher fertilizer supplies in distribution channels, but many are worried about supplies this spring.

Fall nitrogen applications are not