

## **Situation in Fertilizer market**

This autumn, there was a wide-ranging debate among farmers about the sharp rise in fertilizer prices, almost every farmer has wondered why such a sharp rise in prices is taking place and how to plan fertilization works in the spring.

As explains Linas Agro Latvia Comercial director of fertilizers sale Dainis Pelšs, the price of natural gas has a significant impact on the price of mineral fertilizers, which is both an energy source and a direct raw material for the production of urea, ammonium nitrate and other fertilizers with a high nitrogen (N) content. The sharp rise in the price of gas this year also led to a faster-than-usual rise in the prices of all nitrogen products. It also required additional financial resources for producers, who began to slow down production due to too rapid and unpredictable price changes. This, in turn, led to a market deficit and even greater upward pressure on prices.

Whether to buy mineral fertilizers at the current price must be decided by each farmer individually, depending on the production profile of the farm, the proportion of productivity and other production costs. A certain price shock in the market is caused by the fact that in 2020 there was one of the historically lowest nitrate prices in the market 200-230 eur/t, while now it is historically one of the highest prices, reaching 530-535 eur/t (according to Lina's agro 01.11.21 price list). Also we need to take in consideration increase in prices for wheat on the stock exchange ( from +/- 200 eur/t in 2020 to 287 eur/t for the 2021 harvest and prognozied +/- 250 eur/t for the 2022 harvest.

“My recommendation is to assess, taking into account the price balance, whether to maintain the annual technology in fertilization with a view to achieving maximum yield potential and quality, or to switch to an economic one by reducing the use of nitrogen (N) and nitrogen and sulfur (NS) fertilizers, but with a risk to a certain yield and quality loss.”

Author of the article, Dainis Pelšs, Commercial Director of Mineral Fertilizer Trade, SIA “Linas Agro Latvia”