

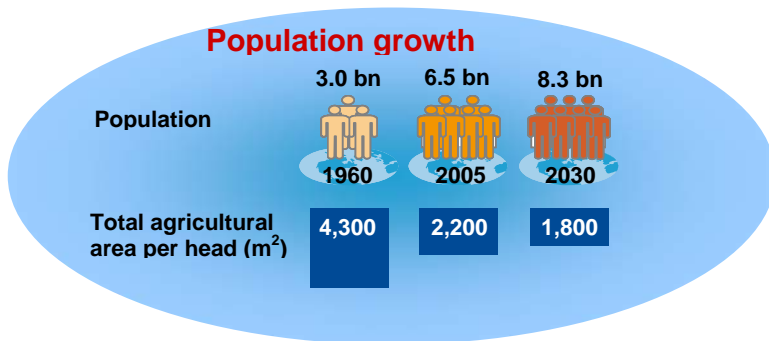


# Agronomy Industry News

Thursday, December 11, 2008

## World News Affecting the Agronomy Marketplace

**World population growth** continues at an amazing rate. The current world population of just over 6.7 billion people is expected to grow to 8.3 billion by 2030. The time it takes to add an additional billion people to the world population is about 12 year. One thing is for sure, all of these folks will need to eat which means long term positive demand for food - and fertilizer, seed and crop protection products to produce it.



**Less than ideal** timing and field conditions will translate into higher than normal carryover of fall ammonia contracts into spring. This will likely have an effect on available supply for the spring season if 90 million acres of corn are planted. Increased usage of urea and nitrogen solutions will be required to make up for some of this supply shortfall. Given the current softness in the corn futures markets, we are still uncertain about 2009 corn planting intentions. Some are even suggesting 83 million acres is the number to look for.

**The Chinese export tax** on fertilizer products has been eased for the short term. This tax was detailed in a previous writing of this update. And while product coming from China is still higher in price than the current world market, the increased availability has caused some world buyers to delay purchases even longer. With a full pipeline and soft international urea market, most buyers are only in the market for relatively small tonnages to take advantage of current conditions.

**There are very pessimistic** demand forecasts emerging for fertilizer demand in Latin America in 2009. The machinery giant John Deere last week forecast that farm incomes in Brazil and Argentina would slump next year. It said that banks were cutting funding to farmers by 20%, whereas seed, fertilizer, agrochemical and trading companies were cutting funding by up to 40%.

Latin American Net Farm Income			Billion \$
Country	2007 Actual	2008 Forecast	2009 Forecast Range
Brazil	9.0	15.4	-2.0 to 6.0
Argentina	5.1	3.4	-6.0 to 8.0

**GROWMARK® AGRONOMY**

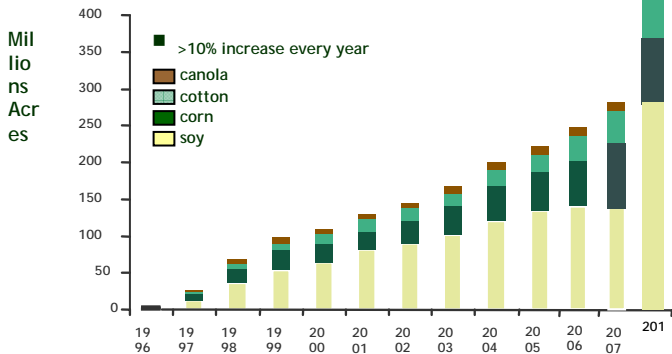
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**Roundup Ready® Crop Growth in the US  
(million acres)**

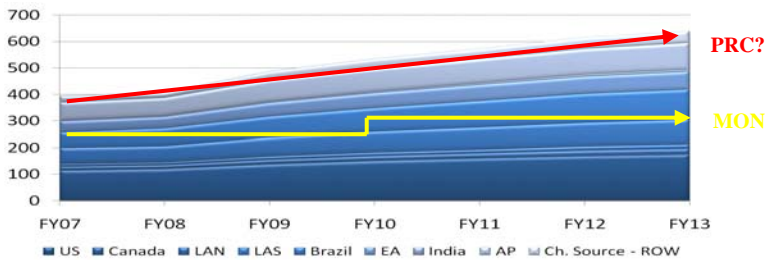


**Phosphorus production cutbacks** have idled more than 25% of worldwide phosphorus fertilizer production capacity. This is a direct result of slowing worldwide demand due to lower crop prices, a full product pipeline, sluggish worldwide demand and the current credit crisis. Heavy production cutbacks have been announced previously in the US and Morocco.

**The PCS potash strike** at three Canadian mines has been settled. Workers voted in mid-November to accept a new labor agreement. The total amount of production impacted by the strike was estimated at roughly 700,000 tons. Elsewhere, potash production cutbacks were announced by Russian producers as the same issues facing the phosphorus industry were being felt by potash producers.

**US fungicide usage on corn, soybeans and wheat** was estimated at 18% in 2008. That number is expected to rise to 25% in 2009 as growers utilize the technology to enhance yields and protect the enormous investment they have in the growing crop. Overall return to fungicide usage was estimated at 3:1 in 2008.

**Expected Glyphosate Demand Growth  
(million REGs)**



**Roundup Ready® field crops** have shown steady growth since their first commercial planting in 1996. Estimates peg final adoption at 90% plus in future years. This has led to a demand explosion for glyphosate products. And while worldwide production expansions have occurred, they have not kept up with worldwide demand. The same dynamics affecting the fertilizer markets have affected glyphosate and other crop protection products.

**Glyphosate supply** is provided by two major sources – Monsanto and the People’s Republic of China (PRC). Monsanto has a planned expansion for their Luling, LA production facility that should be completed for 2010. Glyphosate and glyphosate acid production in the PRC has increase from a modest 9 million Roundup® Equivalent Gallon, or REG, to nearly 149 million REGs for 2008. Additional growth in the PRC will be needed to meet world demand requirements in the future.

**There is no doubt** we are in exciting times! Market fluctuations this past year have been very challenging, to say the least. However, overall market factors in agriculture remain very strong over the foreseeable future. You are in a unique position to assist your growers in selecting the products and providing the answers that will help them weather the storms of the near term. Keep doing what you do every day and take time to celebrate the season and our many blessings.

*Happy Holidays to You and Yours!!*