



## **Season 6 Episode 7 — Higher Fertilizer Costs**

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Announcer:

The Alabama Crops Report Podcast, your trusted information source for Alabama agriculture.

Scott Graham

Hey, everybody, welcome into the Alabama Crops Report podcast. Simer, we got some long term recurring guests on the on, on the day.

Simer Virk

No I know. And, last time I remember, we had Rishi was in the Alfa building over there last year.

Scott Graham

That's right. Yeah, but Rishi's been here since we were in Duncan Hall recording this podcast Wendiam has been to. So we've got.

Simer Virk

Old memories.

Scott Graham

That's right. Yeah, yeah. Before, before Simer. Yeah. So we're going to talk fertilizers and economics behind that and, nutrient management strategies with the current outlook that we have. So, guys, how y'all doing?

Rishi Prasad

Good. Thank you for inviting us. You know, I feel like the timing is correct. This is a really important topic that we need to be thinking about and talking about, especially with the situation that we have, for, fertilizer prices are higher. There will be even more of a ripple effect that that we will see because of, the geopolitical tensions that we have, between the US and Iran and the repercussions of that on the fuel prices, on the fertilizer prices, and not just this season, but also what are the things that we need to be thinking about in the coming season?

Simer Virk

Yeah, yeah, it's a good timing. Also, in a way, we recorded another episode last week, which today is March 27th. Yeah, right. And it was kind of mentioned that was on corn planting. But I think one of the things he also kind of not really go too much detail into that, but we did indicate how the crop input, especially fertilizer, is even from last week or two weeks or a month, it was like 30 or 40% higher than that already.

Simer Virk

And it's kind of trending upward, you know? So, all right, well, why don't one of y'all kick us off, but maybe give a little bit of reference on what's going around right now, especially situation wise and, and why we're seeing these spikes in the fertilizer price and all that.

Wendiam Sawadgo

Yeah. Sounds good. So it's good to be talking to all of you today. We've got a lot of unpredictability in the world right now. It's been we're going on a month since the U.S.-Iran War starts has started. So, really the big deal there is in the agricultural realm of things is the Strait of Hormuz. That's where about a third of the fertilizer use in the world comes out of, is transported through.

Wendiam Sawadgo

Has been blocked. And so, you know, this has been a pretty big blockage in terms of the fertilizer transport. You know, the US, we don't necessarily use most of our fertilizer from that region. We produce a lot of it in-house, but, that war is affected natural gas markets, which is an input to producing nitrogen fertilizer.

Wendiam Sawadgo

So that's part of the reason we've seen such an increase there. And then it's probably going to affect some of our other agricultural competitors that rely really heavily on that region for their fertilizer.

Simer Virk

Okay. Let me ask you this. If one of y'all have a top of your mind how much the price has just changed before this war, things started just like you said, it's been about a month now. We are into it right before and after.

Wendiam Sawadgo

And so the past month we've seen, you know really it's just affected nitrogen. So potash, phosphate, pretty much the same as they were before. Nitrogen we're up around 6% in the past month. So we're right around \$700 a ton. For urea that's up about \$50 a ton from where we were one month ago.

Simer Virk

So if this kind of drags on long, you know, with that whole blockage and everything, we're expecting this to just keep going higher and higher?

Wendiam Sawadgo

Yeah, I'd expect that to keep going higher. You know, we haven't seen the effects on phosphate and potash. But we do import about 20% of our phosphate is from that region. So, you know, short term we haven't seen much of an effect. But if this keeps going on, it could affect U.S. fertilizer markets in coming years.

Scott Graham

And Wendiam you, you study this for a living, I just fill up my truck at the gas pump. Yeah, a couple of weeks. It seems like even once this thing settles out and it's over, which we're assuming it will be over at some point, it's

not like it's just going to stop, right? Like if things continue to rise or maybe plateau, but they don't go back to where they were.

Rishi Prasad

No. There's a legacy effect, you know, whatever what whatever damage was done or is going through, we are going through it, you know, it will have that lag effect for quite a bit of time. And who knows how much of that big of that lag effect we are talking about. But it may happen. A year two years. You don't know.

Wendiam Sawadgo

Yeah, exactly. Especially with fertilizer plants shutting down. You know, it's one thing if, you know, they slow down production or they just can't transport it out of there. And then we're going to resume production. But it's another thing when they stop production altogether, is that production going to remain ongoing? Same with natural gas. So that could affect global markets for some time to come.

Scott Graham

Yeah. Because I don't know what you have, if you have anything on diesel fuel or, you know, foreign fuel. But you know, when this first happened gas prices shot up overnight. And it's like, well, the gas that was below ground at the port is not impacted by this at all, but they go ahead and react to it immediately because they can.

Wendiam Sawadgo

Yeah. We're up, you know, above \$90 a barrel. That's crude oil is up 40% roughly from the start of this conflict. Were up 50% in terms of diesel. Last I checked, we're at 430 a gallon. Whereas a month ago, we're at 284. So that's pretty big difference.

Scott Graham

So now Simer, I've not watched the TV show Land Man, but I've seen clips and I think \$90 a barrel is his cut off of where you don't want it to be. Is that right. Yeah. Yeah. That's a bad that's a bad. No.

Wendiam Sawadgo

If you're buying it that's not what you want

Simer Virk

Yeah. Heck even I filled up my truck yesterday. It's been a while. Yeah. Full tank, \$85. I was like I don't I haven't seen this number in a long time.

Scott Graham

So I'm like Shaquille O'Neal now. I just put 20 bucks in every now and then and it's not as much money.

Simer Virk

So. So it's not just the growers. I guess some of us are already feeling a little bit on the gas and the gas everybody's feeling it.

Scott Graham

The growers are feeling it more than we all.

Simer Virk

A lot more.

Rishi Prasad

But for them, the profit margin is even if it was going to shrink further, and think about this like right now the input prices are going to increase. And if there is not a significant increment in the commodity prices. I mean, we already know the profit margins. Last year was very tight and even it's going to drag it further down.

Rishi Prasad

So you know the the food production industry the farmers and self would be been tremendous pressure. I mean they're already in tremendous pressure. And with all this situation I feel like it's kind of like I feel like they will be running either at a loss or even at a break even point.

Simer Virk

Yeah.

Wendiam Sawadgo

Yeah, I would agree. I think, you know, especially with this isn't our first rodeo when it comes to fertilizer prices increasing. You know, we had the Russia, Ukraine.

Rishi Prasad

Yeah.

Wendiam Sawadgo

Invasion. What was that four years, three years ago now? That really shot fertilizer prices up. We've had other ones post Covid, but I think the biggest thing we've seen is with this one, you know, with Russia, Ukraine, it was a big grain producing region. So we saw fertilizer prices shoot up, but crop prices shoot up as well.

Wendiam Sawadgo

So at least they were getting higher revenues to go along with those higher costs with this one, a lot of uncertainty on the revenue side. You know, there's not much grain that's transported through the straight there. And so, you know, it's really just going to disrupt the inputs. We don't really know what's going to go on on the commodity production side.

Scott Graham

You know, when you mentioned Covid in 2020 and there's been a lot of this since that time period. Right. And that's when you got here.

Wendiam Sawadgo

Yep.

Scott Graham

So I, I don't yeah.

Rishi Prasad

Yeah I mean.

Scott Graham

I got here in 2022 also 20 also.

Rishi Prasad

You know I mean I was hired before Covid and we haven't seen the downward trend of fertilizer prices yet. You know it has been just going up and up.

Wendiam Sawadgo

Yeah. It's lot easier to raise prices than the lower of seems.

Simer Virk

Now one thing, if I understand correctly, Rishi, for inputs like when the growers are buying this on a farm, seed and chemicals, they're ordering this ahead. Right. Like those orders already would have placed hopefully especially for seed you know, end of last year and all that. And they have probably locked their price and everything in.

Scott Graham

You know that right. I'll be honest I don't know how that works. Now that you say it.

Simer Virk

It does. And that's what I've been told in a way. Like you kind of go ahead place or you can't. Like you don't want to be a farmer planting, wanting to plant corn next week and think about corn seed today. Right?

Scott Graham

But but does it that you pay for it when you say you want the seed or do you pay for it when you pick it up?

Simer Virk

You lock the price. When you when you when you put your order in right. It doesn't matter. You deliver six months later to me. What if I order seed from you? Today? I'm locking the price with you today or whatever it is. Right? So my understanding is that the the seed and the some of the chemical and all that are kind of handled that way, right?

Simer Virk

Like how much you want to sell. That's how industry is making sure there's enough to kind of meet the demands. Yeah. Yeah. Fertilizer on the other hand is a little bit more. Where you at because of the retailers and other you just like, hey, I want you to come and spread this much. Right, right.

Rishi Prasad

It's more of like a current price, isn't it? Like in fertilizer you don't pay like a upfront price. You have to pay based on the current.

Simer Virk

Yeah, whatever the price that the retail co-op is. Right? I think they are. That's what it's been.

Scott Graham

I mean, I remember hearing folks talking, I guess around the Ukraine grain invasion and like I heard retailers saying that they could not guarantee a price outside of three days because they had no idea it. Yeah. That volatile from day to day.

Simer Virk

Because and that's why I said that. That's my understanding because I remember back around Covid times or somewhere else on them. I was in Georgia. We were had a co-op nearby, and they actually were getting some stuff out of Savannah and the port over there, and they had a big load that was got stuck. And he's like, I don't know how much I have to pay to get it over here.

Simer Virk

So I really can't tell you what you're going to pay today, right? Yeah. So I think that even makes that even more right, volatile in a way that you may be a grower A who might pay a price for you here today, but then a week from now, that could be another 10% more.

Wendiam Sawadgo

Yeah. And if you are a farmer that has, you know, locked in that price or purchased fertilizer already, you know, it's a lot different than if you're still waiting on that decision or like you said, if you've locked in the seed but you still don't know about the fertilizer, you know, does that affect what you're going to plants, you know, are you going to switch from corn and soybeans, for instance, just with these prices rising so much?

Rishi Prasad

Yeah. And even like, I don't think for, a lot of producers to store fertilizer quite a bit, you know, they don't have that capacity.

Simer Virk

Well, that's why I think the, you know, the, the retail one of co-ops have those big bays where it's just, you know, like you and it also depends on actually especially some of the stuff I deal with and a lot when we do soil

sampling all that. And then the whether you're working with the consultant or a grower making a decision on your farm, you kinda decide on one.

Simer Virk

You know, what your NPK needs are. Yeah. The blend differs. Right. And that's why you go and tell, hey, I want this much nitrogen, this much P, and this much K, especially for the pre-planned broadcast. And that that's where they mix it at the spot and then they come and spread it. Yeah.

Scott Graham

Well, I think the way to overcome low prices is high yields with low inputs. Is that true Wendiam?

Wendiam Sawadgo

Yeah. Yeah.

Scott Graham

So so yeah. So Rishi what are what do we need to be thinking about on the the nutrient input side with this.

Rishi Prasad

Right. Right. See we cannot predict whether upfront right. You don't know whether it's going to be a dry year or a wet year. You you never know what kind of catastrophic events can, come. And you have to be always prepared for the unknown unknowns. Right. But the things that we can control or think about is how can we utilize the resources at hand and be most efficient, you know, or kind of like be the or optimize it, like let's say, this year I will pay attention to the soil test.

Rishi Prasad

You know, that is my first line of action, right? If you have not been testing your soils for the last 2 or 3 years and you have been just applying your fertilizer, primarily P and K, based on what you have done, without knowing what the fertility levels are in your field, I think this is the year where where you have to think and think back and see, like, do I need to cut some of those p n k this year?

Rishi Prasad

And and then try to be a little bit proactive so that I don't overspend. Right. Because you don't know what the market is going to be like.

Scott Graham

You know, I think I've talked with some people that a lot of a lot of farmers this year, that was an expense they were going to cut out, was somebody for soil sampling. And then I guess maybe they could see what was coming or I don't know. But I talked to a guy like a month ago who was like crazy trying to finish up soil samples because everybody came to him late and was like, we do want them.

Scott Graham

And so, you know, hopefully they're able to get results back in time. Like you're saying, the apply based on what they actually need.

Rishi Prasad

Right. But I think I mean, one more thing, that I would like to add, is the shift from this build up philosophy to more of a, maintenance or crop removal strategy. In the past, because the fertilizers were cheap, you know, there was a tendency to apply a little bit more so that they can build the bank.

Rishi Prasad

But in years like this, I think it'll be difficult, you know, to build the bank. I would rather put only that much amount of nutrient that the crop has removed. Right. In terms of, P and K or even nitrogen, I mean, nitrogen is very mobile. So you have to apply based on the yield goals and all.

Rishi Prasad

P and K are typically applied using the soil test. So if you think when you collect your soil samples and if they are running under a high or extremely high condition, and there is no recommendations from the lab because they

think that there's enough P and K, I feel like in that kind of situation, a simple crop removal approach would be the more conservative approach.

Rishi Prasad

And that will give you, you know, or at least, you know, like how much money you are putting and how much you can save, you can cut down some of the cost from that perspective.

Scott Graham

Yeah. This is a year where hopefully you can pay off on that banking that you've been doing over the years. Right? If you have been doing that.

Simer Virk

How would you manage that kind of just thinking out loud, you know, how would you manage that. So I think when fertilizer prices go pretty, we usually say, well, poultry litter is a pretty good kind of, you know, you can use on your farm and all that, but it has all NPK. Hopefully the growers who have used it on their farms already have this build up levels.

Simer Virk

So like we usually say, hey, don't don't do this because you already have this build up, but at the same time you still need nitrogen and all that, right? So how do you recommend someone approaching that. Because journal tendency in your mind is just like, well, I'm going to go to a little bit cheaper source or a little bit more or less expensive source because and that's why we say it poultry litter is a good, you know, not just for fertilizer, but even building organic matter and a few other things.

Simer Virk

Right. But at the same time, you have done it enough in the past that you have high levels of P or other. So how how do you kind of.

Rishi Prasad

So if somebody has been using poultry litter for a while, like let's say ten years and they have been using litter two tons every single year, and absolutely with that history of litter, you will have enough P in your soil that

probably you may not need a full P rate, right? Because also, in poultry litter, more than 50 or 60% of phosphorus is present in organic form, just means they have to mineralized, break down and then release.

Rishi Prasad

And in poultry litter, the release of nutrients is a little bit slow. I mean, I was mentioning in, In the field day yesterday that there are two pools of nutrient or there are two ways poultry litter release nutrient. One is called as fast pool where it releases, pretty quickly within the first 30 days of application.

Rishi Prasad

And the second pool is a slow pool where it releases a small amount in the longer time period. Right. So that's why I was saying that if somebody or if a grower has been using chicken litter for the last ten years, probably they have built up that slow release pool enough that, it will serve as a good source or supply for phosphorus, to the plants for this year.

Rishi Prasad

Now, those folks who have not been using litter for quite a bit, and maybe this is the year when they're thinking, I mean, I have one caution for them. The caution is they should not solely rely on poultry litter for the entire nutrient needs. They have to go with an integrated approach, meaning they can apply two tons of litter at planting.

Rishi Prasad

I mean, typically I recommend 15 to 20 days before planting, but at the same time they should be applying fertilizer at the, let's say in corn, we typically do a split application of around, more than 60% of the total nitrogen through, fertilizer, either urea or UN in cotton. We typically recommend that if you are using two tons of litter at pre planting, the best rate for nitrogen at first to score is around 50 to 60 units of nitrogen.

Rishi Prasad

So that is what people should be observing. I mean it's going to be an integrated approach. Don't just put or apply like a single source, basically poultry litter and assume that poultry litter can provide all the, all the nutrients. I mean, if you are doing that, there might be a litter analysis.

Simer Virk

Is, the time we're at today in the season again, it's March 27th when we're talking people planting corn.

Rishi Prasad

Right.

Simer Virk

If somebody has to make a last minute decision of all fertilizer prices are pretty high. Probably I haven't applied poultry litter on my farm or my some of my fields. Could they still get it?

Rishi Prasad

I mean, poultry getting poultry litter is a little bit tricky because it is not available all the time. It all depends upon when the grower is cleaning the house. But sometimes what people do is they can pile it in their field and keep it sometimes they store it for six months, seven months, even eight months. And then they use it.

Rishi Prasad

We have done some work, some research to understand, like if somebody is storing litter in an open pile for six months or eight months, or maybe one year, does that pile is still retain the original nutrient value? And what we have found is like, no, I mean, that pile sitting in an open condition where rain is falling high temperatures, you lose nitrogen, you lose phosphorus, you lose potassium.

Rishi Prasad

And we have seen, like, if you store litter in an open field for one year, you lose almost 50% of the nitrogen value, 50% of phosphorus and 50% of, roughly around 50%, potassium value. So, yeah, you have to I mean, the best thing to do is if you are planning to use litter, I always recommend that you get it tested so that you know exactly what the nutrient content is.

Rishi Prasad

And and from there, you start planning your fertilizer application rates. But don't make any guess. I mean, I'm the simplest example I will say is like, let's say your and there is litter whose analysis is three, three, two,

meaning for every turn, you're applying or that litter has 60 pounds of nitrogen, right? What if that litter were sitting outside and all of a sudden you lost 2% of the nitrogen?

Rishi Prasad

Right. So now that, that particular litter will have only 20 pounds of nitrogen. So there is a big difference between 20 pounds versus 60 pounds, right. So testing litter and knowing exactly what is in the litter is, the key here for success.

Simer Virk

What what are some of the other ways, I guess, going back to this high rising fertilizer prices, what are some of the other ways growers can probably be a little bit more proactive or mitigate some of the effects of that?

Rishi Prasad

One thing that growers should watch for is the pH of the soil, right? If your pH is not in the right range, it doesn't matter how much P and K you apply, you're not going to get the maximum benefit out of it because most of the nutrients, especially macro and micro nutrient, their availability is much higher when the pH ranges between 6 and 7.

Rishi Prasad

So if you're if you if you don't fix your pH, if it's below five, and even if you're applying full P and K, you might not I mean, those nutrients might not be available because the pH is low, right? So I think like the first thing that growers should be watching for is or asking themselves is, is my pH in the right range?

Rishi Prasad

Is it between 6 and 7. And if that's the case then yes, whatever you apply for any fertilizer that you're applying or even litter you're applying, you will get the maximum out of it.

Simer Virk

Wendiam, what's, what's your take on some of this economic kind of climate.

Wendiam Sawadgo

You know, echo what Rishi said again about testing. You know, it's when prices are high. We want to make sure every dollar we're spending is being put to its best use. And so, you know, if we have a soil test, we know what our nutrient requirements are that potentially allows us to save money on on some of our nutrition expenses.

Wendiam Sawadgo

I think one of the best things I've seen is Simer your work on unlike grid testing and sort of optimal grid size for, sort of looking at the amount you could you might be spending more money on soil testing, but you're saving more on input use or vice versa in terms of the ability to really maximize profits at a smaller area.

Wendiam Sawadgo

And I think with commodity prices where they are and, input prices where they are, that becomes really our the best tool at our disposal is making sure we're efficient.

Simer Virk

Yeah. I, I'd kind of I was thinking about that when Rishi was talking about it because some of our data showed. And that's why we recommend, you know, I mean, we probably already past the point of where we should be grid sampling all the at the time we're in the season. But reason we recommend two and a half or lower grades is anytime you go above the grid size, the amount of the fertilizer actually going in the right places, the probability is just so low.

Simer Virk

Like a good math or a good figure we figure out, like even from our data was on five acre grids. You know, 50% of your fertilizer was actually going in the right place, 50% is actually not. And most of the time it was over applications, over applications relates to yeah, you're putting a lot more out there, you know, and that translates to more cost and everything.

Simer Virk

Yeah. So it's like rather take and spend that money on more on soil sampling and understanding what actually needs to be applied in the field than cutting corners on the soil sampling, but applying more.

Wendiam Sawadgo

Definitely.

Simer Virk

So.

Rishi Prasad

But one thing that I would like to point and tell growers is this is not the year to try, some of these, so-called bug in the jug and, unlocking the new to the soil, you know, I mean, there's a lot of products that are being sold in the market where they say, like, it's going to unlock the nutrients and make it more available, or I'm selling you a bug that can fix 40 pounds of nitrogen.

Scott Graham

But Rishi it's only \$2.

Simer Virk

Hey. Per acre.

Rishi Prasad

But but I'll tell you that you get you don't get nothing or you don't get something out of nothing, right? These bugs in a jug, they don't contain nitrogen or phosphorus or potassium, or even if they contain, they might be like, in a very small amount. I mean, if corn needs 200 units of nitrogen, at the end of the day, you have to provide 200 units of nitrogen.

Simer Virk

You know.

Rishi Prasad

You cannot defeat the law of mass, right? If somebody needs to 2000 calories to stay healthy, you have to eat to get get 2000 calories of food.

Simer Virk

The you're making a great point. In a way. This year we might see some of these companies pushing some of these products order. Because of the nitrogen prices being higher. And they're like, well, whether that's a nitrogen fixer, or some sort of.

Rishi Prasad

Phosphorus solubilizer. Yeah, well, I haven't heard a lot of.

Simer Virk

They're like, well, you can actually offset by doing or putting this in the furrow with it, but I don't know. I'm not again, I'm not a soil fertility here. That's why we have you on there. But I don't think we have seen really, really any reliable data. Right. That really shows that, hey, the yield impact is like huge or something.

Rishi Prasad

No no no no. Even if I have let's say somebody asked me to spend \$2 on these products, I'll use that to buy my fertilizer rather than spending on these these like products that have no like true scientific reliability. I mean, if there is like scientific data that truly shows that, yeah, I mean, it can replace fertilizer. But again, from a scientific standpoint, as I mentioned, like if the plants need 200 units of nitrogen to produce 250 bushels of corn, you need to provide 200 units of nitrogen.

Rishi Prasad

There's no way that, small, tiny microbe can synthesize 200 units of nitrogen for your plan. I mean, is simple. I mean, simple math.

Scott Graham

I mean, kind of long lines. You're saying Simer in the in the big scheme of trying stuff is. It's like my wife, she spends \$5. Here's \$8 there. And she's not spending much money. There's like at the end of the week you spend \$150. That's a lot of money, right. And so we could do that with you. So it's only \$1.50.

Scott Graham

This one's only \$2. And next thing you know you've added \$30 to your do your bottom line trying this stuff at the end of the year. And that's a that's a lot of money. Yeah.

Simer Virk

Yeah I think Rishi has made a good point on that, especially this year. It's not time to try new stuff. You know only use what you know works kind of like put your money more towards that. I guess.

Scott Graham

Yeah. That's been the story, my career. I feel.

Scott Graham

You we've had like one, 1 or 2 good price years since we've been here basically. And it's, but it's pretty much the message has always been that.

Simer Virk

Maybe Wendiam can again say something, but I, I feel the same. Right? I've been as a faculty. I've been like, this is probably 5<sup>th</sup> or 6<sup>th</sup> year, you know, like, I don't think we've had a normal year we're like, hey, this is the area. You go do whatever you want to do. Yeah. This is yeah.

Scott Graham

This is my site crop. Yeah, I'm in crop an Alabama and I'm still not said, yeah, why don't you try it out. Yeah.

Simer Virk

It's like they were like, oh yeah. Prices are really good this this year. Just go ahead and try whatever you want to do. You know like every year it's just like, well don't do this, don't do that. You know, we.

Scott Graham

Did get up to a dollar in '22, '23.

Simer Virk

Cotton. I think it was close to even dollar ten. Or twenty.

Wendiam Sawadgo

Yeah. It was a dollar 25.

Scott Graham

Didn't stay long.

Wendiam Sawadgo

It didn't stay long. And I think for our careers you know that was like the first 1 or 2 years we were around. So we didn't, at least I didn't know enough to really know that this would be so unusual or. Yeah, you know, when we had corn prices that were good, soybean prices were good that year too.

Wendiam Sawadgo

And, you know, it's been about five years now since they've been so.

Scott Graham

Well, what is if, you know, off the top of your head, what are our breakeven prices right now for our major crops?

Wendiam Sawadgo

Cotton I can say is, well, you know, always depends on yield. Yeah.

Scott Graham

You say it's 1,000 pound.

Wendiam Sawadgo

So if we're two bale Cotton. I'd say we'd be right around \$0.90 to a dollar breakeven. Corn, if we're right around the average 140 bushel per acre. Recent values we've gotten, we're probably around \$4.80 a bushel. Soybeans were a little bit over \$10 a bushel for the 2026 year. So we're a lot of those. We're not.

Wendiam Sawadgo

The prices we're looking at aren't coming close to those values, maybe a little bit more optimistic on the corn and soybean side, just given the past month of prices. But for cotton, we're still a ways off

Scott Graham

Which I don't understand all the government assistance things that are out there. But in talking with people in the last six weeks, I think cotton is looking a little bit more attractive than we thought it was because of some of that assistance stuff.

Simer Virk

We just yesterday we were in, Senator Alabama talking to McMeekin and, I think they were, both of them, they kind of told me like some of the stuff has actually come through. So that has helped them a lot in making some decisions for this year. Right? Right. So I think some of those payments are actually coming through and hopefully that's kind of showing growers some good.

Simer Virk

Maybe a light at least. What reason to plant reason to like plant go back more into cotton this year. Or like you said, I don't know, it might all change and we may end up having more cotton. You know. Yeah. Than than anticipated.

Wendiam Sawadgo

It's. Yeah. You know, it's there's so much uncertainty now we're talking about fertilizer that, you know, isn't necessarily fertilizer disruptions that aren't necessarily directly impacting the US, at least in the short term, but it's indirectly impacting us through higher prices. But it might directly impact some of our competitor nations. So like India, Brazil and, Australia are fairly large cotton and corn producers.

Wendiam Sawadgo

And they source most of their fertilizer from the Middle East, so they're probably more likely to be directly impacted in the short run. So, you know, we never know what's going to happen to commodity prices. So you know hopefully we're in a position to capitalize if we do get those spikes in prices later this year.

Rishi Prasad

Yeah. And that's where like the profit margins is going to be even more tighter. Like what if there there's no increase in commodity prices, but you spend more money in your inputs. So you know, your your margins would be razor thin, or you might be even below the breaking point or.

Simer Virk

All right, good discussion. We are right about that time

Simer Virk

Yeah.

Scott Graham

Let's cut this part out I guess. Part out, I guess.

Simer Virk

No.

Scott Graham

Yeah. Hey, let it go.

Simer Virk

Yeah. Well, any any last minute kind of.

Rishi Prasad

I mean, one thing that I would like to mention is, you know, this is the time when farmers should be thinking about the for R nutrient stewardship, which is, thinking about the right source at the right time, and. Right rate and right method of application, when it comes to right source, think about an integrated approach.

Rishi Prasad

Don't just rely on poultry litte, but use fertilizer as well. Right, rate. Just calibrate your rates based on the realistic yield goals. If you are making 200 bushels, make sure that you are only applying fertilizer that will make you 200 bushels. Don't apply like, a high yielding, corn, where they need 300 units of nitrogen.

Rishi Prasad

And then you are shooting, what, 300? So, just be be you need to be watching the the rate. And then the next is the timing of application. You know, we always think about, should we put everything up front, should we split? And the best strategy is to split the applications, because that's where you get the maximum bulk for the bank.

Rishi Prasad

And finally, the right method. Right? I mean, we typically broadcast a lot of fertilizer, but maybe this is the year when we think about banding or even incorporation, you know, whatever, it works best for each farm because every farm is different. Their equipments are different. But keeping that for our principles in mind will definitely help to get the maximum out of whatever the resources are at the disposal right now.

Wendiam Sawadgo

Yep. You know, I'll echo that, I think we don't have control over our output prices necessarily. I mean, always good to have a marketing plan, but we can't control what those prices are going to be. But you know, what we can do on the input side is control those costs as much as possible and make sure we're, you know, putting our dollars where they're best spent.

Simer Virk

All right, Scott.

Scott Graham

I was just looking I was going to say Wendiam were up to \$0.69, I guess right now on cotton. So that's a positive trend anyway, I think.

Wendiam Sawadgo

Up a couple cents. Yeah.

Scott Graham

But, you know, when it when that number starts creeping up, start booking a little bit, right. Oh, at everything. But yeah, but don't get too greedy if it gets up to \$0.75. Yeah. But Yeah, book some because it might go right back down. You never know.

Wendiam Sawadgo

Yeah. Don't put all your eggs in one basket. Don't rely on, you know, harvest prices for you no matter what your crop is. You know, corn, soybeans, right?

Scott Graham

Yeah.

Wendiam Sawadgo

I think just have a good plan where you book sequentially throughout the growing season when you hear news that prices shoot up, maybe a good time to book a little bit at that time because you don't know how long that's going to stay around.

Scott Graham

You know, it's just stuck with me forever. Whenever that year, cotton got up to \$1.20. I remember vividly on the phone with the grower I was at, the Wiregrass Station in headland, and we were talking, and he was on the fence about whether or not to spray. And I said, well, you think about insects eating money instead of eating cotton, and that cotton is worth a lot more money right now than it, than it was last year.

Scott Graham

He said, well, it was worth a lot more money. I said, what do you mean? It was \$1.20 like last week? He said, I didn't book any of it. And I was like, oh, dang. Yeah. And so that is always stuck with me that if you start seeing something like, yeah, pull a trigger at some point or.

Wendiam Sawadgo

Yeah, you do, it's and I had a similar story that year. I had a farmer in evergreen. I gave a presentation. Prices were up about \$0.05 compared to where they were the week before. He was kicking himself because he booked, you know, he missed out on \$0.05 of gains. But a week later they were down about \$0.15.

Wendiam Sawadgo

So, you know, the long run he did all right. But yeah locking in. So yeah.

Scott Graham

So this what's that saying about what is cotton. And it goes for everything. But some some people say the price will go up, some think it will go down. And I agree with them. And so with all these commodity things you lose a certain point. You just gotta make the best decision you can and and pray for the best.

Rishi Prasad

Absolutely.

Scott Graham

So all right guys well enjoyed your time. Enjoy the conversation. Good. Good information for folks out there. And always Simer. We appreciate our listeners, that listen in on our conversations. And if there's anything we need to talk about, please, reach out, let us know. And we'll be back with another episode soon.

Announcer:

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