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June 2, 2025

In this week's Fertilizer Focus we are going to try and take a very deep dive into the Phosphate market and how we go to the point where we are at today. We will try and look specifically at the facts of what has led us to the point where we are at today. At the end I will then share some thoughts on what it may take to get some relief into this market. Two weeks ago, in the heart of the Spring Season we were told we needed to buy Phosphates for fall and were offered a relatively small volume of product to buy. This small volume of tons was offered to us at a value that was significantly higher than I was expecting and higher than the prompt price was currently for this Spring.

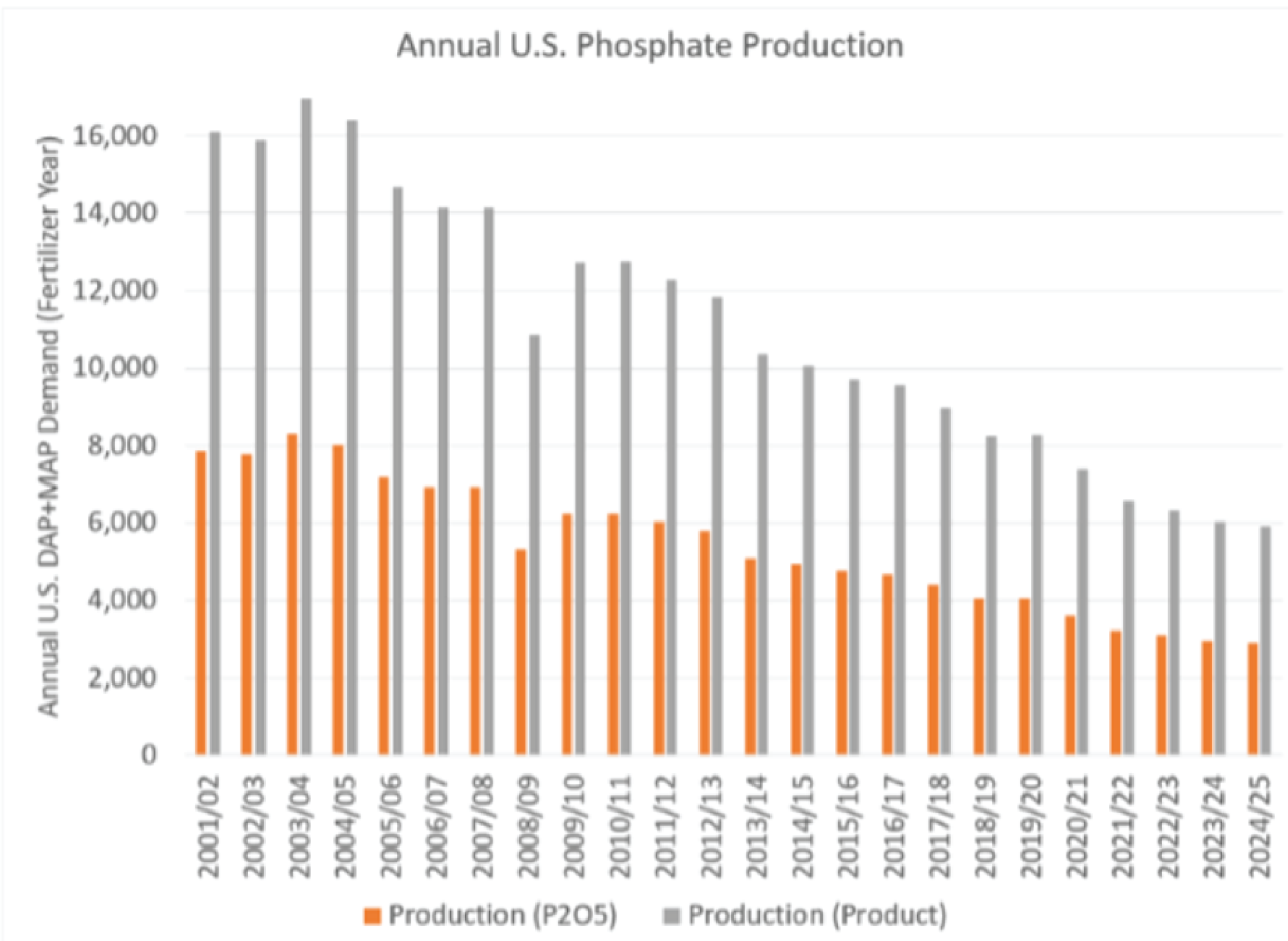
What caused this very early offer and pressure to buy fall 2025 P_2O_5. When we look at current Counter Veiling Duties as well as freshly announced Trump Tariffs it has become obvious that imports of Phosphates just are not going to make their way into the U.S. for summer fill. When importers and traders realized, they were not going find folks to ship to the U.S. these traders approached the domestic producers and put significant pressure on them to buy prompt and summer tons. After the domestic producers felt this pressure, they then pivoted and offered tons to buyers across the U.S. As this offer was made, we were told to expect higher prices soon, in the two weeks since tons were offered the price has increased $30/ton. Along with this offer to buy Q3 Phosphates we were also warned that we should not expect another until Q4 shipping tons.

Phosphates are under extreme pressure from both Counter Veiling Duties (CVD) as well as Trump Tariffs (TT). The chart below shows the countries the US has historically imported Phosphates from. It also shows you the CVD% they are paying right now as well at the Trump Tariff% they are suffering as well.

Country	Company	Product	CVD%	TT %
Morocco	OCP	TSP/MAP/DAP	16.81%	10%
Russia	Phosagro	MAP/DAP	18.21%	
Russia	EuroChem	MAP/DAP	47.05%	
Saudi Arabia		MAP/DAP		10%
Jordan		TSP/DAP		10%
Mexico		MAP		10%
Austrailia		MAP/DAP		10%
Lebanon		TSP/DAP		10%
Egypt		TSP		10%
Senegal		MAP/DAP		10%
Lithuania		MAP/DAP		10%

Let's now look at Domestic Phosphate Production—A big reason that Mosaic sought and got relief in the form of Counter Veiling duties was due to the fact their production volumes continue to drop. With much higher costs to produce P2O5 in the U.S. due to regulation as well as the fact Mosaic is facing lower and lower Phos Rock quality. Today in the U.S. we produce annually less than half the tons we produced 20 years ago. The chart below shows this drop in production over time.

Domestic Production Rates



Globally demand has been extremely strong led by countries such as India who continues to demand more and more tons of P2O5. So, at today's values the U.S. is on par with global values once we add in the 10% tariff most of these companies are faced with paying, they simply will not come to the U.S. India who subsidizes the cost of fertilizer to their farmers has actually tried to cap the amount of subsidy they will pay and that lasted a very short period of time before they had to allocate more dollars in order to keep paying for what their farmers need.

Also, on a global front the exports of out China have been greatly reduced. Here are the exports out of China for the past three years. Keep in mind this data would be on a fertilizer year which begins on July 1 of each year.

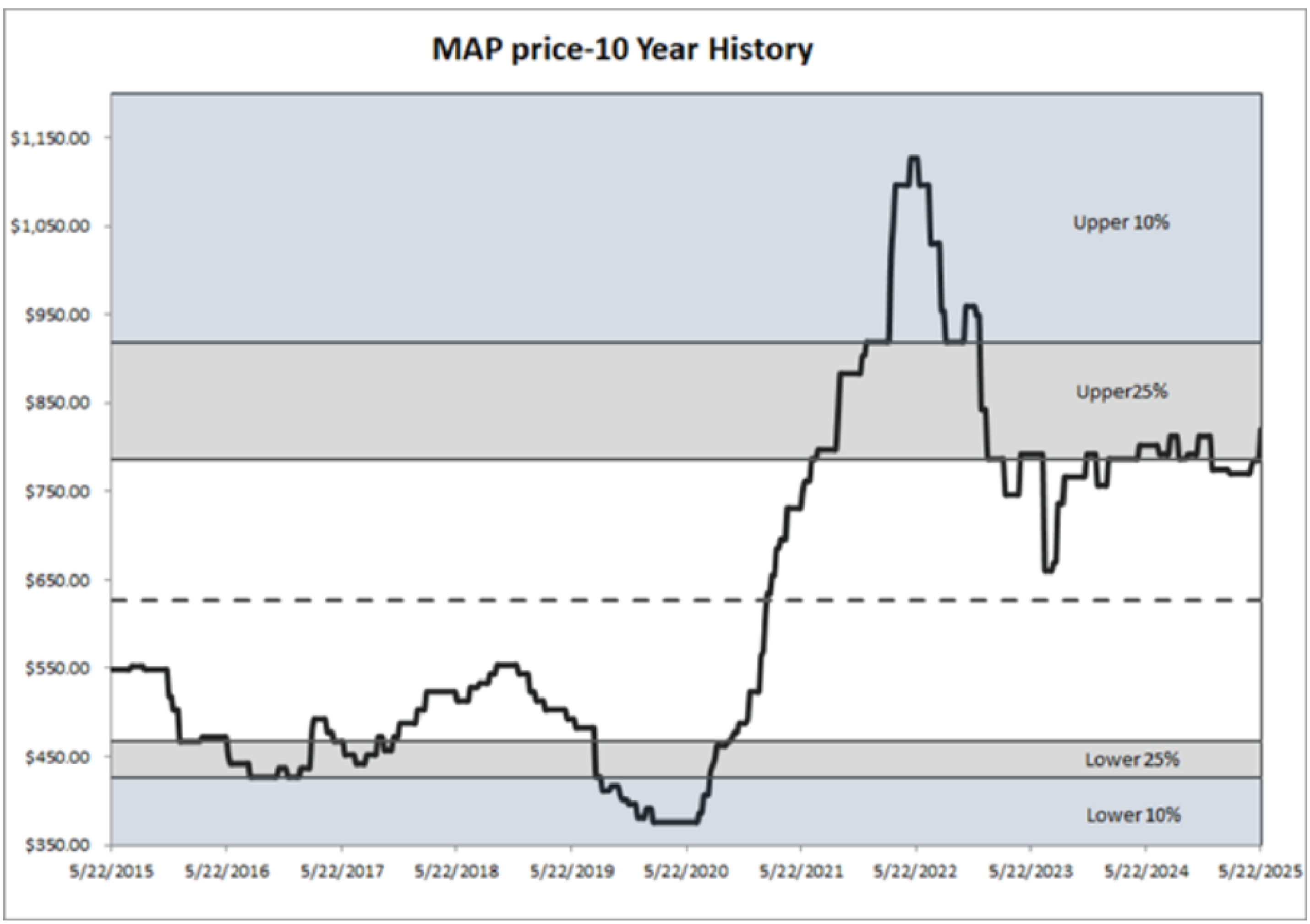
2023 exports were around 5.1M tons of P2O5

2024 exports were 4.5M tons of P2O5

2025 exports are estimated to be around 2.6M tons of P2O5

Though the U.S. might not be a top destination for P2O5 out of China with them exporting fewer tons that does force Countries such as India to pull tons from other locations which might normally come to the U.S.

Enough with the background. I believe you can draw the conclusion that global P2O5 inventories are very tight. Couple that with Duties and Tariffs imports into the U.S. are very thin when we add that to lower domestic production of P2O5 we are dealing with a very tough situation. When we look at a 10-year price chart you will see that the price we own these at is historically a very high value.



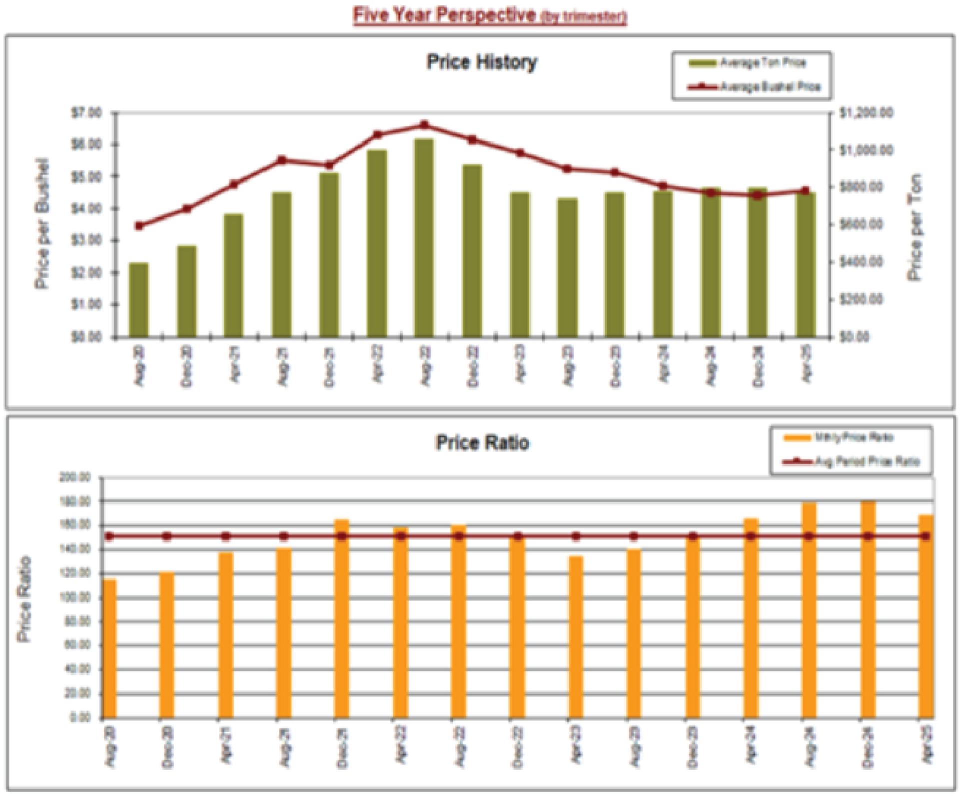
Those of you who follow me know I like to look at the value of fertilizer relative to the value of the output, which for this example is corn. The following chart shows us that over the past 5 years growers have had to invest on average 151.16 bu. of corn to buy 1 ton of MAP. It has been as low as 114.76 and as high as 179.61

Corn - MAP

Month/Yr	Average Bushel Price	Average Ton Price	Price Ratio
Aug-20	$3.47	$398.45	114.78
Dec-20	$4.01	$484.03	120.75
Apr-21	$4.74	$653.92	137.75
Aug-21	$5.49	$773.24	141.28
Dec-21	$5.34	$876.77	164.18
Apr-22	$6.30	$999.14	158.79
Aug-22	$6.59	$1,057.63	161.04
Dec-22	$6.15	$922.89	150.18
Apr-23	$5.74	$772.04	134.61
Aug-23	$5.25	$736.51	140.31
Dec-23	$5.12	$770.77	150.61
Apr-24	$4.72	$780.92	165.56
Aug-24	$4.49	$800.84	178.98
Dec-24	$4.43	$794.87	179.61
Apr-25	$4.57	$772.02	168.91

Average Price Ratio (all trimesters)	151.16
Maximum Price Ratio (all trimesters)	179.61
Minimum Price Ratio (all trimesters)	114.78

Current Price Ratio as of:	5/23/25	181.92



December 2026 corn is trading at a value of $4.59 as I write this. So, we take $4.59 times 151.16 which gives us a price of $693.82/ton. If a farmer could buy MAP for $693.82 and sell Dec. '26 corn for $4.59 he would be transacting business at the 5-year average ratio. This is not a bad place to be at all. Now if we look at the highest ratio we have seen in the past 5 years, which is 179.61 and multiply that by $4.59 we get a price of $824.40. This is an extremely high price. When we see ratios that are at the 5-year high ratio I tell people to leave that alone and do not buy until the day you are applying it to your fields. Keep in mind virtually no farmers have the money to buy 2026 inputs today and if they did, they need to figure $5-$6/mo. of interest just to carry this product forward. At $850 MAP for fall of 2025 for the 2026 crop we have a ratio of 185.18 bu. of corn to buy one ton of MAP. This is a horrible ratio.

What has Sunrise done and what is my recommendation. We will end the spring season virtually empty of P2O5. There for we did participate and own roughly ½ of our fall P2O5 needs. Even though the ratios are terrible Sunrise is committed to telling our patrons what we are doing and when we are doing it. Since we bought 50% of our Fall 2026 needs, we recommend you do the same thing. We are making this recommendation simply from the product availability perspective.

The obvious question, "Phil what could cause this to change?" or "Phil when will this change?" My simple answer is I simply do not know. As of today, I am watching three things.

#1: Will the White House wake up one morning and have a change of opinion on Tariffs and make an about face doing something wildly different? If something different is done how long will it take for imports to return to the Gulf?

#2: Will exports out of China increase dramatically and get back on pace to what we have seen exported in previous years. Increased availability should put pressure on price at some point.

#3: What will U.S. retailers do when offered Q4 P2O5? If folks like Sunrise are sitting on a big chunk of these Q3 phosphates in August or September when Q4 tons are offered just how many more tons are they going to be willing to lug forward? Many producers are already putting P2O5 on with a saltshaker just not using much at all. How much farther are they comfortable cutting their application rates down to?

I hope this helps explain the current state of the Phosphate market and gives some color as to what Sunrise has done and why the market is acting the way it is.

- Phil Altstaetter, Crop Nutrient Manager

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