

# Fields of Green



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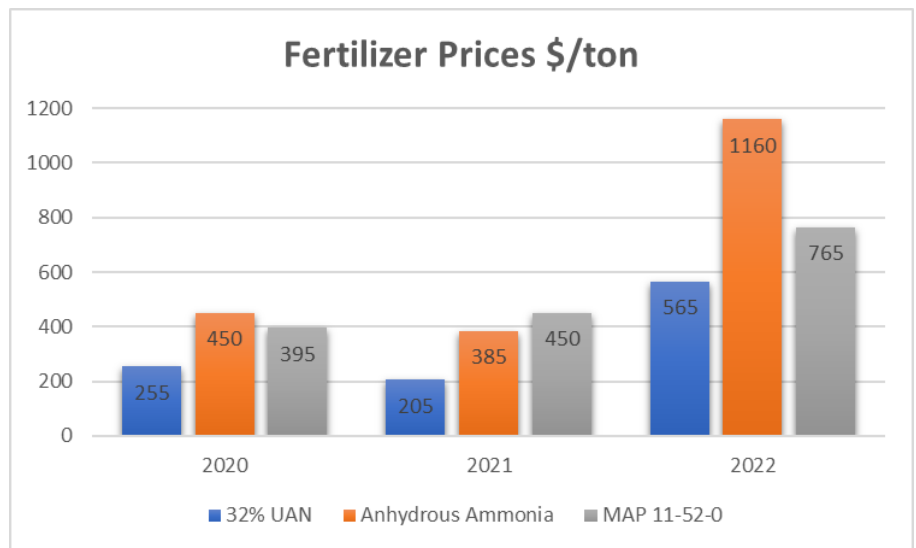
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## Input Cost Price Hikes and Supply Chain Issues

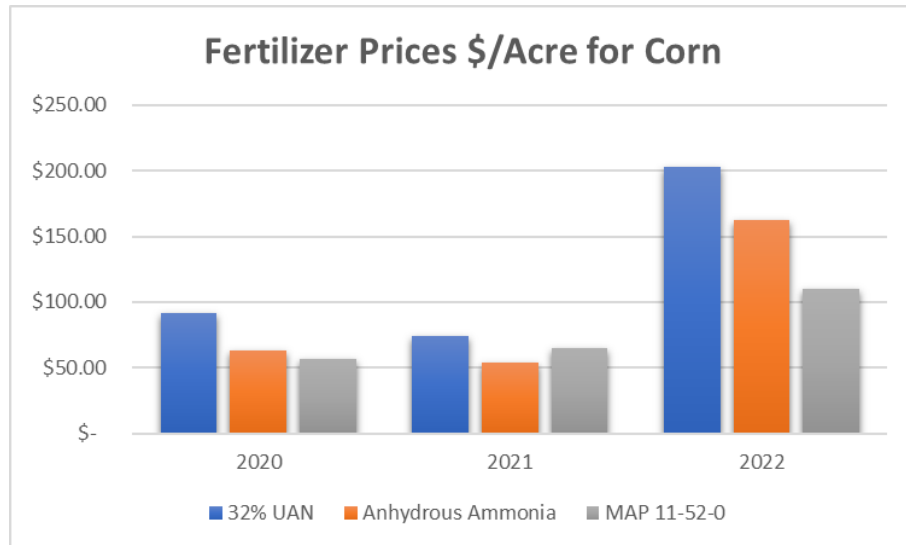
This year has been a good year for us on the farm in terms of crop prices rebounding and good yields. The increase in revenue has given us the ability to escape the low-price times of the past 5 years. However, the new higher price levels have been clouded by the increases we have seen in our costs this past year. Fertilizer for example has doubled and tripled in price since last year going into 2022. We use two main products for nitrogen fertilizer 32% UAN liquid fertilizer and anhydrous ammonia (NH<sub>3</sub>).



The 32% went from \$205/ton in 2021 to \$565/ton for spring of 2022. On anhydrous it was \$385/ton last fall, and this fall it is \$1160/ton with prices still rising each week. Fertilizer companies are blaming the price increases on anything from demand to supply shortages and natural gas price increases. Really what is happening is that fertilizer companies operate in an oligopolistic structure where there are only 2 or 3 suppliers in the whole country, and they control prices and supply the most benefit their profit margins. Another factor is that

they have gotten tariffs put on imported fertilizer products so that they are no longer available to the U.S. farmer.

For other supplies like herbicides, we are told that some products could be in short supply, but retailers cannot even get a price on them from the manufacturer until the product has been



delivered. For both seed and chemicals, we are told to expect around a 10% increase in costs this coming year. Supply chain issues have been plaguing the equipment industry as well. Due to parts and labor shortages if we wanted to order a new tractor or combine today it would be over a year before it would be delivered. Equipment dealers, just like car dealers, have very little inventory on hand right now. Luckily, we have not ran into parts supply issues yet, but we know of farmers who have had to drive hundreds of miles to find the parts they need.

## Biological Solutions Helping Produce Fertilizer

Trying to plan ahead and think towards the future has been a priority for us here on the farm. In planning, we were introduced to a



company two years ago called Pivot Bio who makes a product containing a bacteria that can fix nitrogen on a corn plant's roots. We were intrigued as we wanted a hedge in place in case we were ever limited on how much synthetic fertilizer we could apply due to environmental reasons such as runoff or leaching into the soil. The Pivot Bio microbe is applied to the seed at planting and adheres to the corn's roots and creates a symbiotic relationship where the corn plant produces sugars the microbe consumes, and the microbe gives off ammonia as a byproduct that the plant can directly take up. This product is not volatile like other fertilizers, and it will stay on the roots all season long without risk of loss due to environmental factors.

This year was our first large test of their product Pivot Bio Proven and we were able to reduce our fertilizer applied by 25lbs per acre. By using a product like this we can hopefully make our farm more sustainable by using less commercial fertilizer that takes a lot of energy to produce. This year we will be replacing 40 lbs. of fertilizer with their new product Proven 40. On seed corn this is about a 30% reduction and on commercial corn a 15-20% reduction in fertilizer use this year. It also helps that this new biological nitrogen is now cheaper than synthetic nitrogen due to the large price increases this year. To learn more about how this product works visit [www.pivotbio.com](http://www.pivotbio.com). We also have started representing this company as sales representatives for our area.