

MEDIA RELEASE

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**Make the right decisions to get the most out of your farm**

With fertiliser prices jumping last year, some farmers started basing their fertiliser purchases purely on price, rather than on sound agronomic decision-making, says David Graham, chairman of this country's largest fertiliser cooperative Ballance Agri-Nutrients.

Faced by sudden global price increases of unexpected magnitude, it became impossible not to reconsider fertiliser costs within the overall farming budget. After all, fertiliser is typically the second largest expenditure item for farmers, after bank payments.

'Because such movements do happen, there is even more reason to make the best agronomic decisions when running your farm,' says Mr Graham.

'Better to get the maximum yield from your farm, and earn the highest return available, rather than hold back to wait for cheaper fertiliser prices.

'As farmers, we appreciate that there is an optimum time to apply fertilisers for the best results, and we try to time our purchases to gain the maximum performance from our pastures and crops.

'I am concerned that the continuing uncertainty in the global fertiliser commodity markets is putting all the emphasis on pricing, rather than on good farming practices.'

He says Ballance has an agro-science division and Technical Sales Representatives so farmers can act on the best possible advice to apply fertilisers precisely where and when they will provide the most benefit.

The accompanying graph sets out the international spot prices for DAP, triple superphosphate, urea, sulphur and potash at source in Kiwi dollar terms, using the relevant US/NZ exchange rate. Three have fallen off their highs since September, but triple super was still dearer in Kiwi dollar terms and potash continued to rise.

The Kiwi dollar went from 82c against the US dollar in February to 52c in November – the largest 10-month fall since it was floated.

'Looking ahead, allowing us sufficient time to buy at these new prices and ship materials to New Zealand for processing, you can expect to see lower prices for all but potash.

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'But it is not a predictable market. We were surprised before, and without a crystal ball we can expect further aftershocks. The markets will take some time to settle after such turmoil.'

He says Ballance remains convinced that world farming fundamentals are strong – the world still needs to eat.

'Food demand will remain robust, with rising expectations in the newly rich countries, and a growing population, but this has to come from a reducing amount of agricultural land. Wise fertiliser use is becoming more vital by the day.'

Mr Graham says New Zealand is in a great position to take advantage of this demand, as long as farmers do the right things to ensure optimal production. They must be ready to deliver when the upturn comes.

'We see the long-term future for New Zealand agriculture looking good across all sectors.

'The outlook for the beef sector is still positive, with periods of short-term volatility, and lamb should hold its own. The Kiwi exchange rate will help offset any decline in prices, and the in-season average returns should increase.

'There is still nervousness around the dairy sector, but a lower Kiwi dollar will help here as well.'

He says all sectors, particularly horticulture, could notice consumers moving away from the premium varieties in favour of cheaper options.

'For certain, the world is in perilous financial straits. Our new Prime Minister says it will take 18 months to sort out, even with all the international efforts to shore up the financial sector.

'While we can't predict the full impact of this global financial crisis on New Zealand, we can say that we expect our agricultural sector will weather the storm.

'But regardless of what the world throws at us, we want best pricing from Ballance to be a given. When farmers need fertiliser products, they can buy them at Ballance in the certainty that our prices are an accurate reflection of global reality.'

