

Trump's Trade War a Win for Fertilizer If Farmers Seed More Corn  
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By Jen Skerritt and Isis Almeida

(Bloomberg) -- Fertilizer makers could emerge as unlikely winners in the escalating trade dispute between the U.S. and China as a shift toward more U.S. corn acres boosts demand for crop nutrients.

The feud between the U.S. and China that's withered sales for American soybeans will probably result in farmers shifting acres to corn, said Chuck Magro, chief executive officer of Nutrien Ltd., the world's top crop-nutrient supplier. Corn acres require about twice the amount of fertilizer and crop chemicals than soybeans, he said.

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"The corn acres are worth more to companies like us," Magro said in a telephone interview. "This could be actually a short-term win for us. It depends on what actually gets planted next year."

The last time the U.S. saw a dramatic surge in corn acres was a decade ago after Congress approved the Renewable Fuels Standard, which expanded the mandate to blend ethanol into gasoline. That season, the corn area rose by more than 15 million acres, according to U.S. Department of Agriculture data. Soybean prices have fallen amid the trade spat and the uncertainty will prompt U.S. farmers to switch to corn, Magro said. The spat has sent soybean futures down about 8 percent this year, trading near the lowest levels in a decade.

There may be some economic switch from soybeans to corn based on the ratio between the two and the outlook for exports, Pat Bowe, chief executive officer of Andersons Inc., said on a quarterly earnings call Tuesday.

Trade War to Prompt Historic U.S. Soy-to-Corn Shift, Bunge Says

At the same time, the trade uncertainty has prompted Nutrien to build up a "strategic inventory" of chemicals from China that are now subject to tariffs, Magro said. There are tariffs set on certain chemicals needed by the industry to produce everything from fungicide and herbicides for crops, he said.

"At least we bought ourselves some time when it comes to supply chain costs when it comes to some of our key products," Magro said.

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