

Fertilizer Price Outlook

March 2026 Edition

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0.1 Abstract

Fertilizer prices are now anticipated to rise and remain elevated longer than previously projected in February[1]. The recent bombing in Iran and the subsequent increase in oil prices have raised costs in the anhydrous ammonia model, leading to an increased risk of higher nitrogen prices over the next 12 months. If oil prices stay above \$90 per barrel, there is potential for an additional price increase of \$100 per ton for anhydrous ammonia, which would push its price above \$1,000 per ton.

0.2 Background: February Outlook vs. Today

In early February, the outlook was based on an oil price of approximately \$65 per barrel, moderate corn prices, and inflation expectations around 4 percent. These factors supported a plateau in anhydrous ammonia prices in the upper \$800 range per ton, with some potential downward movement anticipated over the coming year. The February model utilized monthly corn futures, a six-month-lagged oil price, and two-month-ahead inflation expectations to explain anhydrous prices, resulting in an adjusted R-squared value of about 0.66 and forecast values clustering around \$800 per ton. In February, the risk of fertilizer prices increasing was minimal.

In the February report, it was also noted that all major fertilizers tend to move in tandem with anhydrous ammonia. As such, any sustained changes in oil or corn prices would likely affect the broader fertilizer market and impact farm profitability. Because fertilizer accounts for roughly 20 percent of total expenses on grain farms, any fertilizer price movement affects net farm income more than a change in other expenses.

0.3 Updated Model with March Data

The March 24 update keeps the same structure but re-estimates the coefficients using the latest historical data for anhydrous, corn, oil, and inflation, and then re-runs the projections with updated oil and corn and inflation assumptions. The re-estimated regression shows an intercept of about -224.50, an oil coefficient of roughly 2.56 on oil lagged six months, a corn coefficient of about 66.66, and an inflation coefficient of about 132.08 on inflation expectations two months ahead, with all terms highly statistically significant. For this March estimate, oil is forecast in the \$90 range, inflation expectations were increased to 4.5%, and corn futures were used for corn price expectations.

Figure 1 displays the extended historical series for anhydrous, oil, corn, and inflation, confirming that anhydrous still lags major swings in oil and that the recent increase in oil has not yet fully flowed through into anhydrous prices. Figure 2 and Figure 3 continue to show strong correlations between anhydrous and both its model drivers and the other major fertilizer products, reinforcing that the nitrogen forecast remains a useful guide for all fertilizer nutrients.

0.4 Implications of Higher Oil: From 65 to 90

With oil now closer to 90 dollars per barrel than 65, the oil portion of the anhydrous forecast increases substantially once that higher oil price feeds into the model's 6-month lag. Using the updated March coefficients, a sustained 25-dollar increase in oil eventually raises the model-predicted anhydrous price by roughly 60 to 70 dollars per ton, holding corn and inflation expectations constant. Given that inflation is likely to rise with higher oil prices, anhydrous prices could easily increase an additional \$100 by this fall and winter.

Figures 4 and 6 show that the model was already slightly under-predicting actual anhydrous prices at an oil price of 65 dollars, suggesting that either inflation expectations or other risk factors were understated, and the Iran bombing adds another layer of upside risk in the future. The short-term chart in Figure 6 shows that recent actual prices are above the regression line, which has historically been a warning signal that markets are pricing in additional risk not fully captured by the baseline variables.

0.5 Revised Price Outlook and Risk Range

Given the higher oil environment and the updated coefficients, the central tendency of the anhydrous outlook for the next 12 months now shifts into a band that is somewhat higher than the upper 800 dollar range discussed in February, with a greater probability of periods above 900 dollars per ton, especially if corn rallies or inflation expectations edge up from current levels. The regression still does not attempt to forecast short-term geopolitical shocks, so while the model indicates higher equilibrium prices, actual spot prices could spike above the model's values if supply disruptions occur in the nitrogen or natural gas markets. Thus, \$1,000 anhydrous ammonia prices are certainly on the table for discussion.

Figures 4 and 5 show that, over the long run, actual prices oscillate around the model prediction. Still, large, sudden shocks tend to produce temporary deviations above the regression line before prices eventually realign with fundamentals. That pattern suggests that the current geopolitical shock is likely to be expressed as a combination of higher model-implied prices (from higher oil) and a temporary premium on top of the model, reflecting uncertainty and risk.

0.6 Management Considerations for 2026 Purchases

Because the correlation between anhydrous and other nitrogen, phosphorus, and potash products remains strong, the higher oil-driven outlook implies a generally firmer price structure across all major fertilizers than was expected in February. For producers who delayed 2026 fertilizer purchases based on the earlier expectation of stable prices in the upper 800s, the updated outlook argues for re-evaluating timing and possibly locking in a portion of needs on breaks, recognizing that downside appears more limited and upside risk has increased. Although a shift to soybean acres was already anticipated, the increase in fertilizer prices could lead to an even larger shift in acres.

The March figures underscore that the fertilizer market remains tightly linked to the energy and crop markets. Hence, monitoring oil, corn futures, and inflation expectations remains critical for purchase decisions, especially now that geopolitical events have shifted the oil baseline higher. Using the March regression coefficients, along with current oil, corn, and inflation expectations, can help individual farms run their own scenario analysis of best- and worst-case fertilizer price paths for the coming year.

0.7 References

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“Surveys of Consumers, University of Michigan, University of Michigan: Inflation Expectation© [MICH], retrieved from FRED, Federal Reserve Bank of St. Louis

<https://fred.stlouisfed.org/series/MICH/>”

[1] Fertilizer Price Outlook, February 2026 Edition

(<https://agmanager.info/production-economics/prices-and-price-forecasts/fertilizer-price-outlook-2026>)

0.8 Contact

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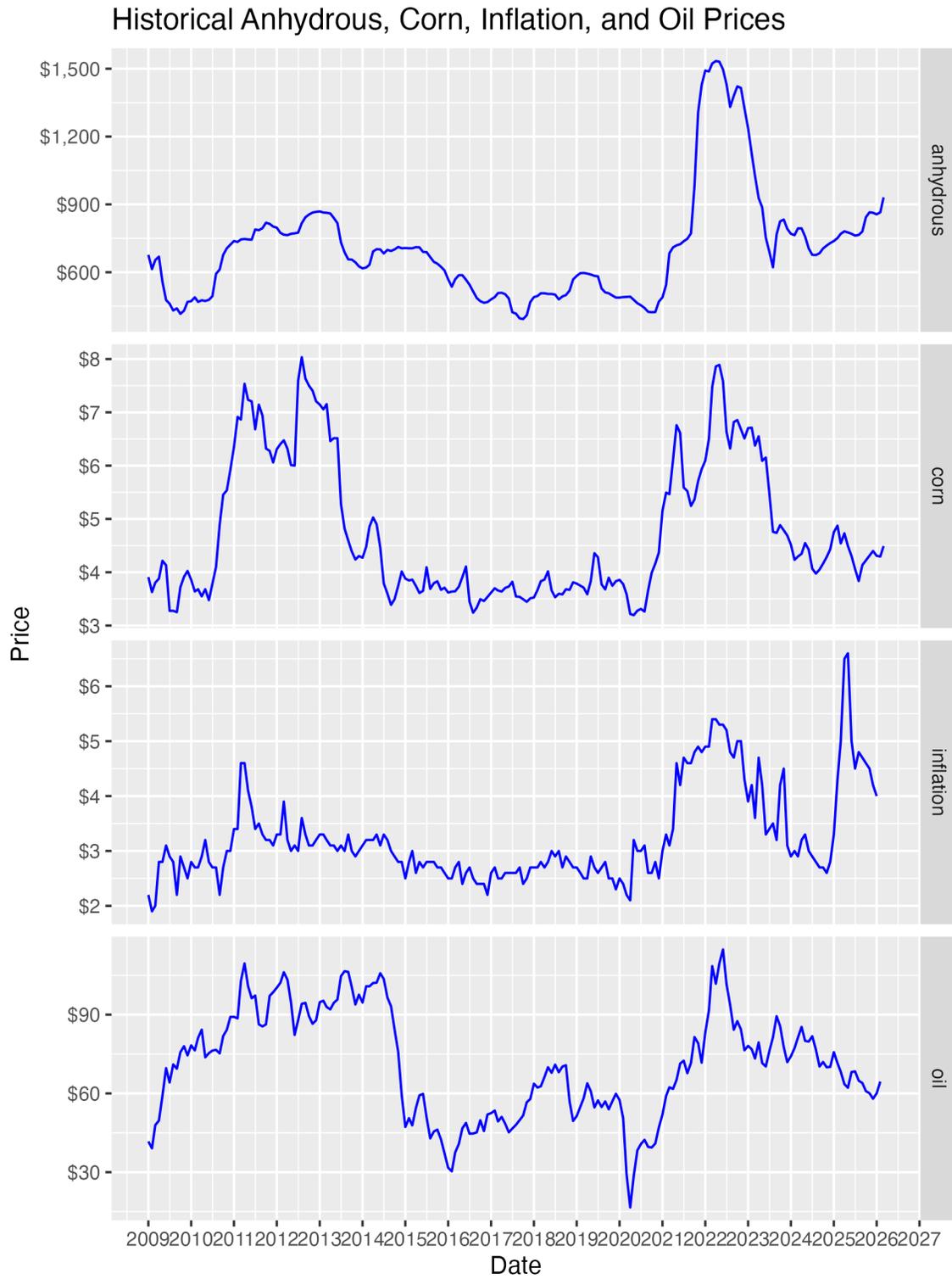


Figure 1: Historical Prices of Model Factors

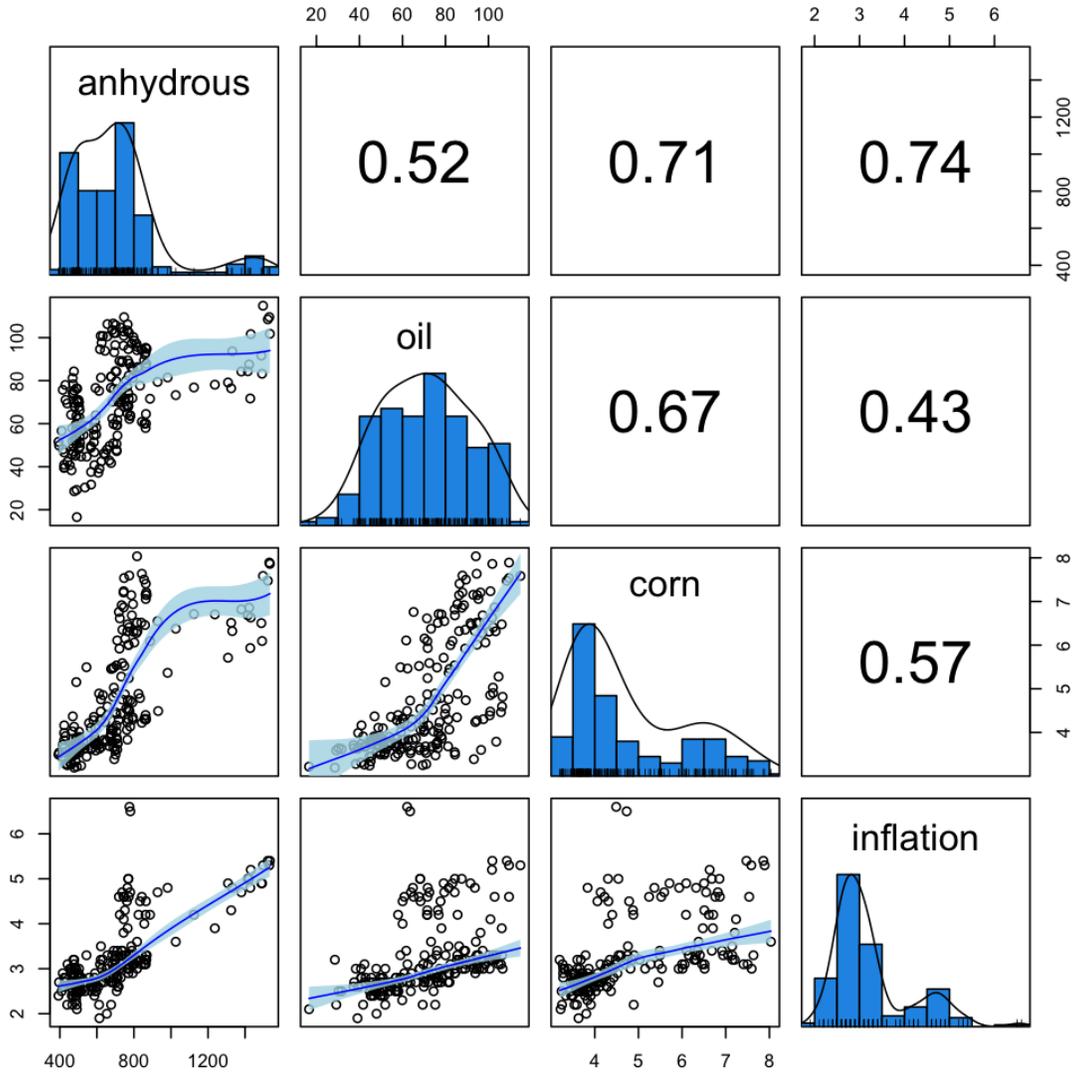


Figure 2: Correlation Comparison of Factors in Price Estimation Model

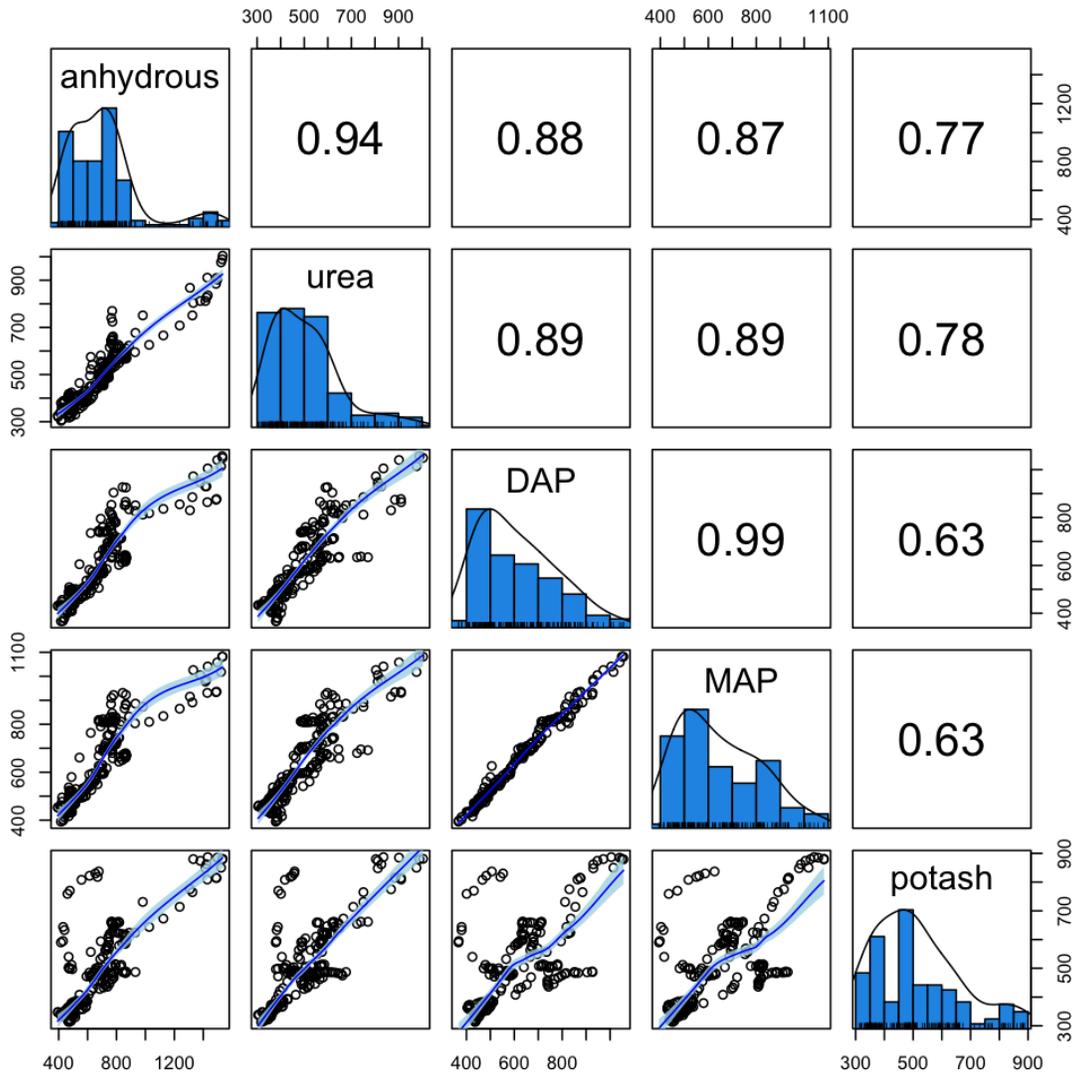


Figure 3: Correlation Comparison of Other Fertilizers

Anhydrous Price - Actual vs Predicted

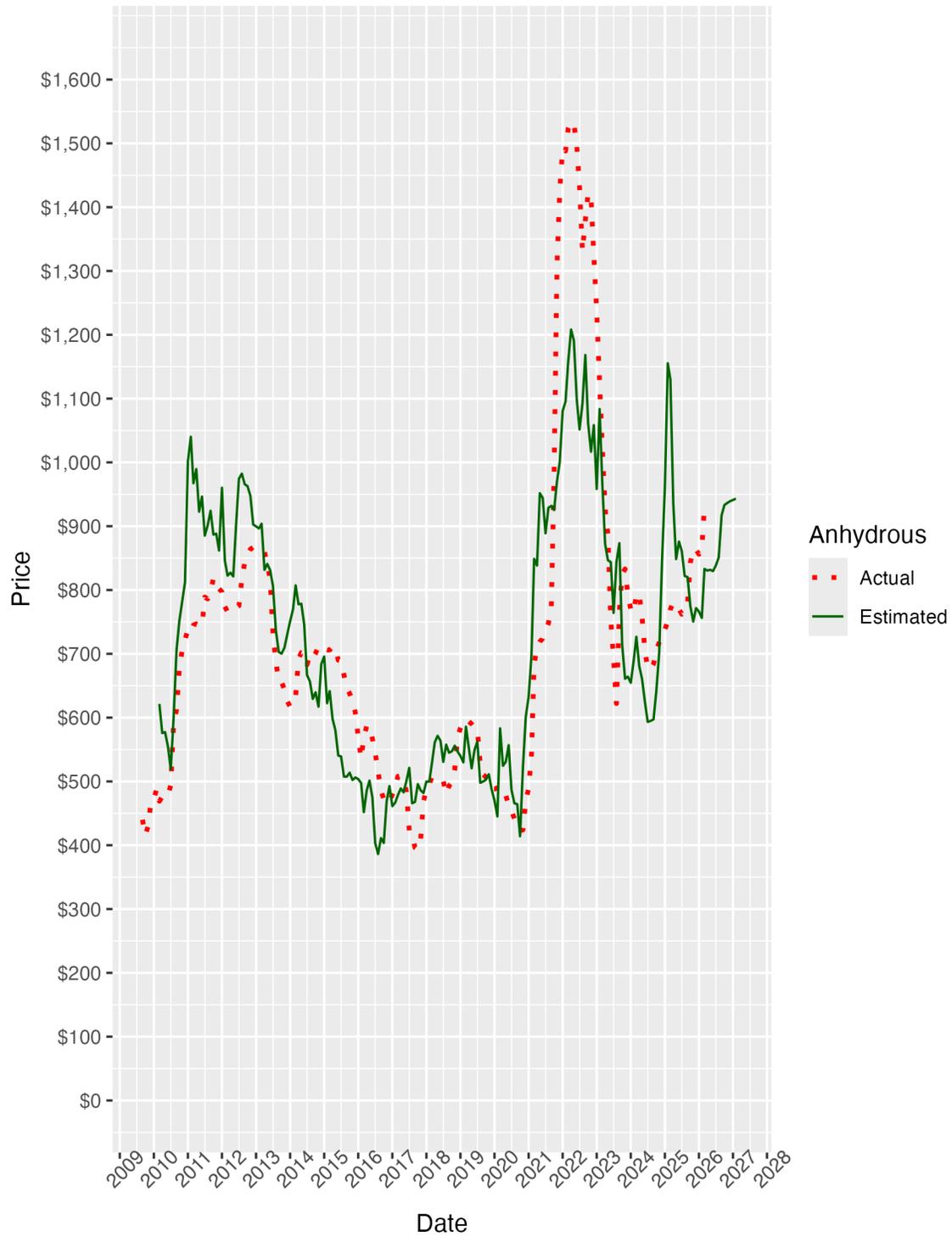


Figure 4: Actual Anhydrous Price vs Predicted Price - Long Term

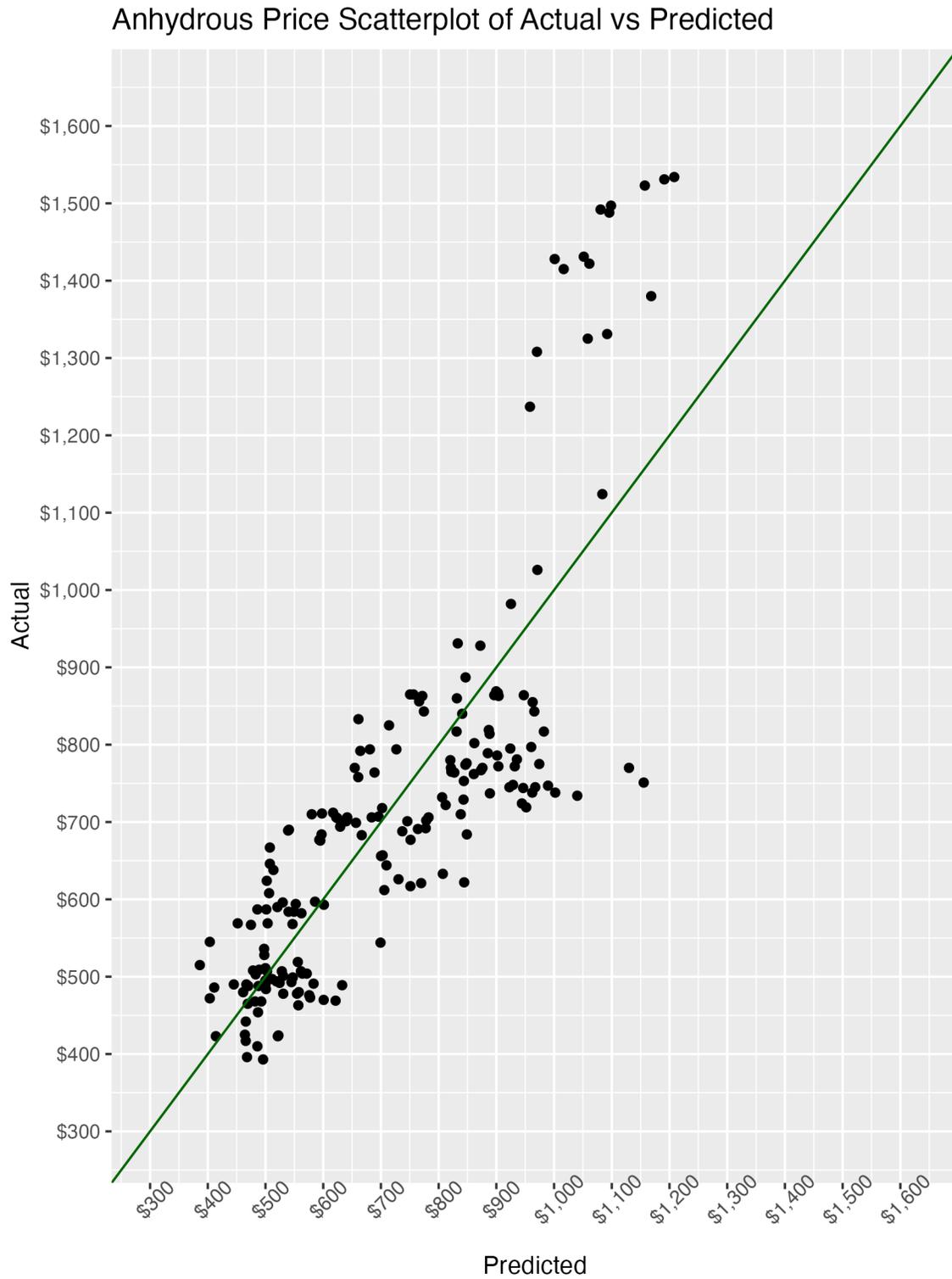


Figure 5: Model Analysis - Scatterplot of Actual vs Predicted



Figure 6: Actual Anhydrous Price vs Predicted Price - Short Term

Anhydrous Price Model Summary		
Term	Coefficient	P-value
Intercept	-224.50	< 0.001
Oil lag 6 mo	2.56	< 0.001
Corn	66.66	< 0.001
Inflation lead 2 mo	132.08	< 0.001

Figure 7: Regression model coefficients