PROFERCY

USA

US nitrogen prices and the Global perspective

fertilizers@profercy.com

Publisher of The Profercy Report

World/US Price Comparison

20 February 2009

Product and origin	Cargo size metric tonne	Fob $mt	Freight $mt	cfr Gulf $mt	Equals $pst fob Gulf	Current Price $pst fob Gulf	Current US price - Import cost
Granular Urea							
Middle East	35,000	315.0	30.0	345.0	316.0	306.0	-10.0
Venez/Trinidad	20-25,000	315.0	15.0	330.0	302.4		3.6
Egypt	25,000	320.0	20.0	340.0	311.4		-5.4
Egypt panamax	55,000	320.0	15.0	335.0	306.9		-0.9
						Average delta	**-3.2**
Prilled Urea							
Libya	20,000	282.0	25.0	307.0	281.5	280.0	-1.5
Romania	25,000	305.0	30.0	335.0	306.9	estimate	-26.9
Middle East	25,000	315.0	35.0	350.0	320.5		-40.5
						Average delta	**-23.0**
UAN							
Baltic	30,000	205.0	32.0	237.0	218.0	210.0	-8.0
Romania	25,000	200.0	42.0	242.0	222.5		-12.5
FSU	30,000	190.0	42.0	232.0	213.5		-3.5
						Average delta	**-8.0**
Ammonia						**$pt cfr Tampa**	
FSU	35,000	220.0	60.0	280.0		275.0	**-5.0**
Middle East	25,000	250.0	85.0	335.0			**-60.0**
						Average delta	**-32.5**

Notes: Prices quoted are spot. Freight rates are estimates.
China's 110% export tax has blocked further exports of urea.

World Market Status

Product	Status	Remarks
Granular Urea	**Stable/firm**	The granular market remains firm for nearby shipments. This should support fob prices through first half March in Egypt in particular where the latest sale has been at $320pt fob. US prices remain too low to encourage traders/importers to risk booking additional spot tonnage. Contract shipments from the Middle East will complete loading in March.
Prilled Urea	**Stable/firm**	Prilled urea prices have edged up on trader covering, demand from Vietnam (short term) and limited inquiry from Brazil/Latin America. While firm now, it is difficult to envisage prices exceeding the previous high this year of $300pt fob FSU.
UAN	**Stable**	The latest Egyptian sale at $195pt fob reflects $245pt cfr east coast US, around $225ps ton fob Gulf. The cargo is headed for Europe where returns continue to outweigh what is possible in the US. French prices are flat but are expected to hold in March.
Ammonia	**Firm**	M East prices have gained a further $50pt blocking new shipments to the USA. FSU prices are solid, aided by outages in Algeria and continued shutdowns in Europe/Ukraine. March tonnage will be more expensive.

The Profercy USA Report

Urea

US Gulf: After last week's slight pick up the granular urea market has entered another lull, in part created by this week's drop in corn prices. Spot tonnage traded early in the week at $302-305ps ton fob but is now at $306-308ps ton. March is quoted at $311-312ps ton.

At such levels the US will not attract new tonnage from offshore. As a result, the prospect of a shortage and price rally in March/April remains a distinct possibility.

US Gulf/ec Projected Gran Urea Imports			
Origin	**Shipper**	**'000t**	**Arrival**
From customs data		**1451**	July-Dec
Reported/expected			
Trinidad		25	Jan
Kuwait		35	Jan
Qatar		45	Jan
S Arabia		120	Jan
Venezuela		20	Jan
Trinidad		20	Jan
S Arabia		60	Feb
Kuwait/Bahrain		100	Feb
Qatar		45	Feb
Trinidad (assumed)		45	Feb
Venezuela (assumed)		45	Feb
China	Trammo	55	Feb
China	Gavilon	50	Feb
China	Mosaic	27	Feb
Egypt	Trammo	25	Feb
Egypt	Keytrade	8	Feb
Australia	Indagro	22	Feb/Mar
S Arabia		60	Mar
Kuwait/Bahrain		100	Mar
Qatar		45	Mar
Trinidad (assumed)		45	Mar
Venezuela (assumed)		45	Mar
China	Trammo	25	Mar
	Total	**2518**	

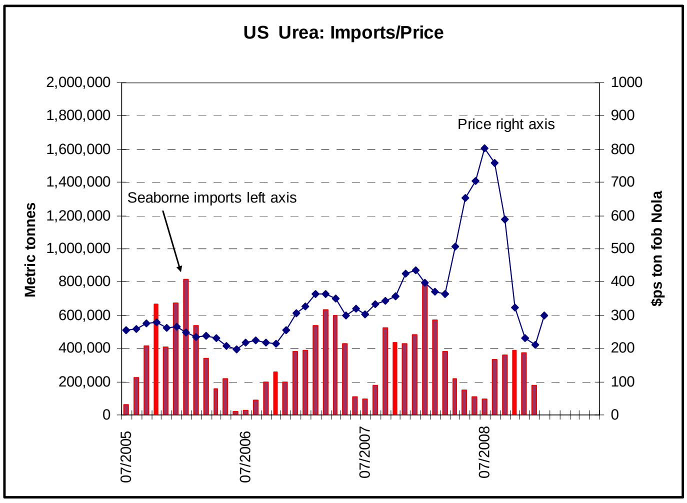
07/08 Identified Granular Imports into Gulf/ec from official statistics			
Month		**'000t**	***R. Total***
July-Dec 07		1550	
January 08		633	*2183*
February		510	*2693*
March		335	*3028*
April		186	*3214*
	Total	**3214**	

The table above illustrates that, based on known shipments, imports of granular urea into the Gulf/east coast will be off by 500,000t by end March. Planned/known April arrivals include 115,000t from the Middle East plus assumed Latin American shipments of 90,000t. Thus by end April the total would be 2.72m. tonnes versus 3.21m. tonnes during July 2007-April 2008.

US Urea Imports: Urea imports in 2008 were 5.46m. tonnes, down one sixth on calendar 2007. December imports were off 53% at 281,000t.

A comparison of the second half of 2008 with 2007 is given below:

US Urea Imports 2h 2007 and 2008 ('000t)			
	2008	**2007**	**Change**
Total	2425	2924	-17%
Canada	678	781	-13%
Offshore	1725	2143	-19.5%



UAN

Koch has fixed the Esterre at $34.50pt to ship 25,000t of Acron UAN to the US east coast, loading end February in the Baltic. It is also reported to have fixed a vessel to load 18-19,000t in Sillamae or Klaipeda early March for the US east coast at $35-36pt.

Following the recent sale of CF UAN to France via Keytrade/Koch, an inquiry in Australia this week for a cargo of UAN for March shipment is reported to have attracted offers of US tonnage. Freight from the US Gulf is put around $52pt, lower than rates from the Black Sea.

The above is extracted from the Profercy Report. For further details of this and other Profercy Services e-mail: fertilizers@profercy.com