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USA

US nitrogen prices and the Global perspective

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World/US Price Comparison

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Product and origin	Cargo size metric tonne	Fob $mt	Freight $mt	cfr Gulf $mt	Equals $pst fob Gulf	Current Price $pst fob Gulf	Current US price - Import cost
Granular Urea							
Middle East	35,000	265.0	25.0	290.0	266.1	245.0	-21.1
Venez/Trinidad	20-25,000	255.0	18.0	273.0	250.7		-5.7
Egypt	25,000	260.0	20.0	280.0	257.0		-12.0
Egypt panamax	55,000	260.0	15.0	275.0	252.5		-7.5
						Average delta	**-11.6**
Prilled Urea							
Libya	20,000	242.0	25.0	267.0	245.2	240.0	-5.2
Romania	25,000	240.0	30.0	270.0	247.9		-7.9
Middle East	25,000	267.0	35.0	302.0	277.0		-37.0
						Average delta	**-16.7**
UAN							
Baltic (Russian)	30,000	145.0	28.0	173.0	159.9	150.0	-9.9
Romania	25,000	150.0	30.0	180.0	166.3		-16.3
FSU	30,000	142.0	30.0	172.0	159.0		-9.0
						Average delta	**-11.8**
Ammonia						**$pt cfr Tampa**	
FSU	35,000	220.0	60.0	280.0		267.0	**-13.0**
Middle East	25,000	255.0	75.0	330.0			**-63.0**
						Average delta	**-38.0**

Notes: Prices quoted are spot. Freight rates are estimates.

World Market Status

Product	Status	Remarks
Granular Urea	**Weak**	A flurry of spot buying for Thailand has stabilized Egyptian granular prices at $260pt fob for May. Middle East prices are also stable short term. However, the lack of new business in Europe and, of course, the US in May, is expected to result in further price weakening as this month develops. The prospect of exports from the Gulf may add to price pressure.
Prilled Urea	**Weak**	FSU producers are holding prices around $240pt fob. Middle East prices have been supported by prompt spot sales to Vietnam. Both these developments are regarded as short term in nature and the overall outlook remains bearish.
UAN	**Weak**	This week's inquiry in Australia resulted in offers reflecting sub-$145pt fob Black Sea/Egypt. US product was also offered at similar levels. In France, UAN prices fell a further Euros 10-15pt as traders scrabbled to book short forward sales for May/June.
Ammonia	**Weak**	As expected the Tampa price for May was adjusted sharply down this week by $51pt. The new price reflects $210pt fob FSU and is expected to be followed by a further cut in May for June deliveries.

The Proferency USA Report

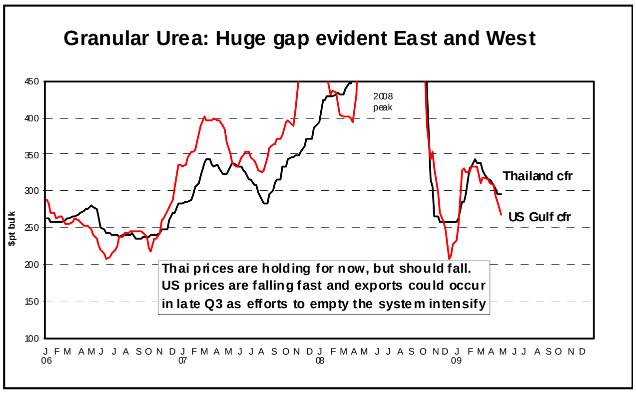
Thailand supports granular market for now

Urea prices have been relatively stable over the past week in many areas.

- Most FSU suppliers have held their quotes above $240pt fob as first half May tonnage is committed.
- Egyptian granular prices have stabilized at $260pt fob with a flurry of buying for Thailand.
- Spot cargoes of prilled urea have been placed in Vietnam from the Middle East. High freight rates from the Black Sea have offered price protection in Asia, benefiting AG producers in the short term.

Countering the positive news for suppliers, there has been no groundswell of rising demand from major markets in the West. Europe is now in a slow phase that will last through Q2 while events in the USA are not encouraging. Prompt barge prices have slipped to $245ps ton fob while forward sales for Q3 on the paper market have been made at $215ps ton. $200ps ton fob is now being bid.

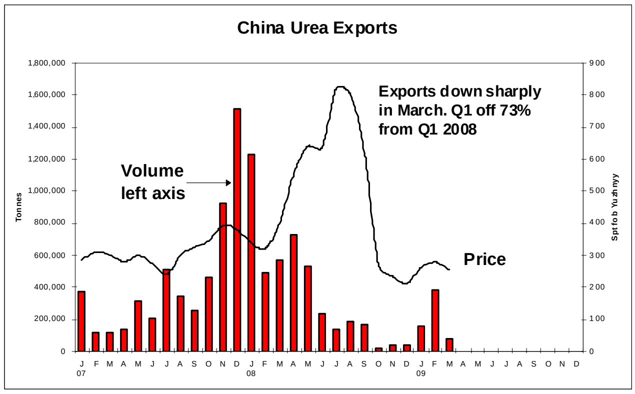
Interestingly, cfr prices for granular in Thailand are now $30pt above the USA and with the US likely to fall further (exports are possible in mid year), it is clear that Thai prices will have to defy gravity to stay at current levels.



Returning to the positive, the Indian subcontinent will need urea for Late May/June shipment. Pakistan tenders on 9 May and India is also expected to buy next month. Bangladesh is also short of product with domestic capacity down. However, many other Asian buyers are likely to wait to see the impact of Chinese urea becoming available in July. In the West meanwhile, and as indicated above, Europe and the USA will be dull for urea suppliers which leaves Latin America to pick up the slack. There, a cautious buying strategy is expected in May/June which, it seems, even with India buying, will be insufficient to promote a Global rally in urea prices. One other factor that may be negative is that there are growing expectations of gas price reductions in Ukraine which might enable suppliers to keep running at lower price levels.

US Gulf: Granular urea prices have weakened further in the Gulf as companies holding barges look to clear their positions. There is not a vast amount of unsold product available, but demand also remains limited. Current prices are $245-250ps ton fob Nola while on the paper market product has traded at $215ps ton fob for Q3. CF marked its price down for June-August to $230ps ton fob.

China: Urea exports in March were 75,000t, down 87% on March 2008. The Q1 total was 609,000t, a reduction of 73% on Q1 2008. Of the March total, 53,000t were shipped to the USA and 13,000t to Bangladesh.



Currently, Chinese domestic prices for urea are weak at around Rmb 1,600pt ($234pt). The export tax is scheduled to be cut to 10% on 1 July but there is speculation that it may be removed altogether if domestic stocks are high. This would be necessary for coal producers to compete in Global markets. However, gas-based producers, some of whom run on $3.50/mmBtu gas, could afford to export at low levels unless the domestic market offers higher returns.

The above is extracted from The Profercy Report. For further details contact fertilizers@profercy.com