



PROFERCY

US nitrogen prices and the Global perspective

USA

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15 May 2009		World/US Price Comparison					
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	260.0	25.0	285.0	261.6	222.0	-39.6
Venez/Trinidad	20-25,000	240.0	18.0	258.0	237.1		-15.1
Egypt	25,000	245.0	20.0	265.0	243.4		-21.4
Egypt panamax	55,000	245.0	15.0	260.0	238.9		-16.9
Average delta							-23.2
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	265.0	35.0	300.0	275.2		-35.2
Average delta							-16.1
UAN							
Russia	30,000	135.0	28.0	163.0	150.9	145.0	-5.9
Romania	25,000	150.0	30.0	180.0	166.3		-21.3
Egypt	30,000	140.0	30.0	170.0	157.2		-12.2
Average delta							-13.1
Ammonia							
FSU	35,000	200.0	60.0	260.0		\$pt cfr Tampa 267.0	7.0
Middle East	25,000	220.0	75.0	295.0			-28.0
Average delta							-10.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Weak	As expected Egyptian granular urea prices have weakened further due to the lack of business in the West. Product is being offered at \$245pt fob. Arabian Gulf product has sold to Pakistan at \$265pt fob bulk but lower levels will be necessary for India. Despite the latest fall, Egyptian prices are probably nearing the floor.
Prilled Urea	Weak	Latest sales of FSU urea to Pakistan and India reflect \$225-235pt fob basis commercial freight. However, prices are being held up by a trader using its own vessels to move cargoes. There is no sign of any general upturn in prilled prices at this stage.
UAN	Weak	French prices have slipped a further \$5pt this week but the weakening dollar coupled with buyers showing more interest implies prices are close to the bottom in this market. Egypt sold UAN at \$140pt fob to France, reflecting around \$115ps ton fob US Gulf.
Ammonia	Weak	The ammonia market is oversupplied and major production cutbacks are necessary to balance the market. Levels below \$200pt cfr North Africa could occur as Trinidad is long and US demand subdued.



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Urea

India buys but prices low

In liquidity terms this week has been good for suppliers. Combined, India and Pakistan have bought over 400,000t of urea. Moreover, the fact that India has finally bought has come as a relief after months of waiting. The negative side is that cfr prices have not been high, particularly those in India. For while the Pakistan awards reflected around \$235pt fob Black Sea, \$265pt fob Middle East, the Indian prices were below \$230pt fob Black Sea for handysize cargoes. Significantly, this has not been a concern to Black Sea suppliers moving urea via TIS as product had been booked for these sales at \$245pt fob and above.

The unusual nature of the business in India has resulted in traders generally refusing to accept India's price ideas and, thus far, known sales are limited to a maximum of 150-220,000t, mainly from one supplier.

Despite the final emergence of Indian buying, there has been no sudden rush of activity in the World market generally. Most Brazilian buyers have not moved while Europe and the USA are off season as far as new shipments are concerned. Thus, while suppliers have the option of selling to Asia, they do not yet have the luxury of a major Western market competing for available tonnage. This, it seems, will be necessary to cement a real price recovery. It does not seem possible yet.

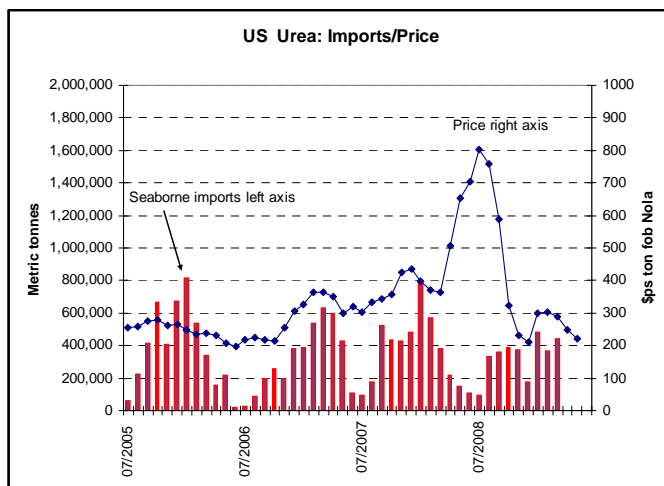
On the supply side, there also remain some negative factors. The US is exporting urea while lower gas prices in Eastern Europe have permitted production to resume in Romania. Further out there is also the prospect of China resuming exporting from 1 July, possibly with no export tax.

US urea imports: The US imported 600,000t of urea in March, up 18% on March 2008. Canada supplied 160,000t while offshore imports were 440,000t. Identified granular imports into the Gulf/east coast were 451,000t compared with 335,000t in March 2008. The main supplier was China with 160,000t (some may have been prills) followed by Kuwait/Bahrain, 130,000t.

The influx of new of offshore tonnage in March, the second highest monthly volume of this fertilizer year coupled with the impact of wet weather has taken a heavy toll on US prices. Current barge quotes are put

at \$220-225ps ton fob Nola, down from over \$300ps ton fob at the end of February.

US Urea Imports ('000t)			
	J-M 08/09	J-M 07/08	Change
Total	4214	5068	-17%
Canada	1200	1173	+3%
Offshore	3014	3895	-23%



UAN

Weak but French price nearing floor

Further price erosion has been evident in France over the past week. Product has been sold at Euros 125pt FCA with rumours circulating of deals Euros 2-3pt lower. However, part of the decrease has been offset by the weakening US currency, now at \$1.36/Euro.

Egypt's' latest sales tender resulted in awards at \$140pt fob. Although the price is low, Abu Qir was able to sell the material to traders for France where short sales needed to be covered. Similar prices have been achieved in the Baltic for Russian product for France.

After falling almost continuously this year, there are indications that UAN is nearing the floor in France. It is notable that the latest Egyptian UAN price reflects \$201pt fob for granular urea, \$45pt below current values. Egyptian granular prices are not expected to fall this low and, as such, UAN seems to offer good value per unit N for buyers in France.

For further details of The Profercy Report contact: fertilizers@profercy.com