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USA

US nitrogen prices and the Global perspective

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10 July 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	265.0	25.0	290.0	266.1	260.0	-6.1
Venez/Trinidad	20-25,000	250.0	20.0	270.0	247.9		12.1
Egypt	25,000	260.0	20.0	280.0	257.0		3.0
Egypt panamax	55,000	260.0	15.0	275.0	252.5		7.5
Average delta							4.1
Prilled Urea							
Libya	20,000	242.0	25.0	267.0	245.2	245.0	-0.2
Romania	25,000	252.0	30.0	282.0	258.8		-13.8
Middle East	25,000	265.0	30.0	295.0	270.6		-25.6
Average delta							-13.2
UAN							
Russia	30,000	130.0	28.0	158.0	146.3	135.0	-11.3
Romania	25,000	145.0	32.0	177.0	163.6		-28.6
Egypt	30,000	145.0	30.0	175.0	161.8		-26.8
Average delta							-22.2
Ammonia							
						\$pt cfr Tampa	
FSU	35,000	200.0	55.0	255.0		180.0	-75.0
Middle East	25,000	200.0	70.0	270.0			-90.0
Average delta							-82.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Firmer	Granular prices are up worldwide. Egyptian product has sold at \$260pt fob while bids in Brazil are approaching \$290pt cfr. Large volumes of Chinese granular have been booked by traders at \$255pt fob north China for late-July/August shipment establishing a solid price floor for this origin. Much of this tonnage is directed at Asia/wc Latin America
Prilled Urea	Firmer	Traders have taken the plunge and moved to the long side for late-July/August shipments. FSU product has been booked at \$240pt fob bulk in the Baltic while \$247-250pt fob has been paid in the Black Sea. In Asia, traders have bought 80-100,000t of Chinese at \$255pt fob bulk
UAN	Flat	The World UAN market remains flat. However, Romania and Egypt are resisting bids from traders sub-\$145pt fob. A fifth US cargo has been confirmed for France, this time via Transammonia. In total, close to 200,000t of US UAN have been booked for France.
Ammonia	Firm	As expected ammonia prices have rebounded with FSU product sold at \$210-215pt fob Baltic and Iranian ammonia at \$200pt fob. Europe is pulling in AG material which will push up Asian prices in the weeks ahead.



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Urea

Prices on the up

Urea prices have increased generally over the past week on the back of building demand and, to a lesser degree, some supply cutbacks. This has led to the unusual development of a major buyer, Pakistan, failing to purchase in its latest inquiry with traders not prepared to match earlier price levels or extend their offers.

In latest developments:

- FSU prices have moved above \$240pt fob Baltic while and \$247-250pt fob has been paid by FCI in the Black Sea.
- Middle East producers are comfortable and should be able to move prices on to \$265-270pt fob for the next Indian subcontinent business
- Chinese granular urea has been snapped up in large quantities at \$255pt fob while prills are holding above \$250pt fob. China has no competition in SE Asia at this price.
- US granular prices have now risen to over \$280pt cfr bulk equivalent and are now on a par with Thailand and Brazil after months of lagging behind (see graph).
- Latin American buying interest is growing and importers in Brazil and elsewhere seem set to face higher cfr levels for August shipment/arrivals.

With demand at higher levels than was the case in Q2, further increases in cfr prices east and west are expected for August shipments. However, the market is not on fire and buyers could easily be put off if prices rise too fast too soon. Market confidence may be improving, but the need for caution in a tight credit situation remains uppermost in the minds of many buyers.

In other products, nitrate prices have increased sharply with Russian product sold out well into August (traders do have positions however) and no Ukrainian material is available. UAN producers in Romania and Egypt are also resisting traders' efforts to book tonnage sub \$145pt fob.

US Gulf: The urea market is strong with few unsold barges available in the Gulf and warehouse stocks low. Prices are put around \$260ps ton fob Gulf by some sources.

CF has posted prices for granular urea of \$265ps ton fob for August, \$270ps ton for September and \$275ps ton fob for Q4.

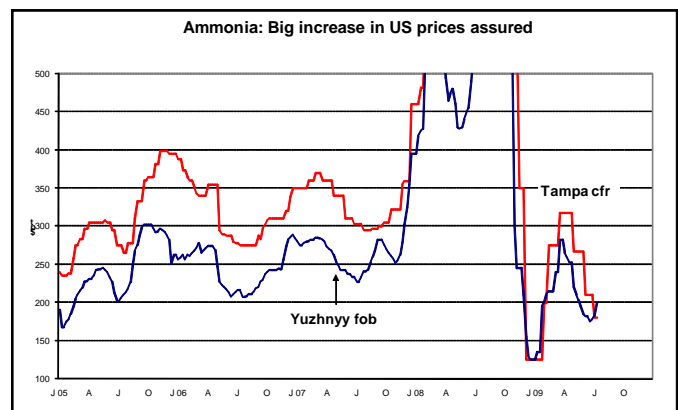
Imports: The first shipment from Sabic is expected at the end of August/early September. Gavilon's 40,000t from Kuwait/Bahrain is now expected early September. The first cargo from Yara ex-Qatar will be mid September.

As mentioned below, one Trinidad cargo is expected to head for the US in August but other cargoes have been sold to Latin America.

Offer levels for Canadian product into the northern states have moved up by \$30ps ton over the past two weeks. Agrium has made export commitments while Yara is not offering due to the turnaround at its Belle Plain facility.

Ammonia

Ammonia prices are increasing sharply with stronger demand from Europe, the USA and Asia set against a backdrop of still reduced supply from the FSU. This situation seems set to persist through August and buyers are now making all efforts to fill their tanks before prices run ahead. In the Black Sea FSU product has now move to over \$200pt fob, in line with last week's developments in the Baltic. US buyers are looking to buy forward but FSU prices now reflect over \$250pt cfr. In the East, Middle East prices are also moving back above \$200pt fob after brief drop to \$180-185pt fob.



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