



# PROFERCY USA

*US nitrogen prices and the Global perspective*

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*Publisher of The Profercy Report*

04 September 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
<b>Granular Urea</b>							
Middle East	35,000	260.0	25.0	285.0	261.6	270.0	8.4
Venez/Trinidad	20-25,000	260.0	20.0	280.0	257.0		13.0
Egypt	25,000	254.0	23.0	277.0	254.3		15.7
Egypt panamax	55,000	254.0	18.0	272.0	249.8		20.2
						<b>Average delta</b>	<b>14.3</b>
<b>Prilled Urea</b>							
Libya	20,000	230.0	25.0	255.0	234.3	290.0	55.7
Romania	25,000	248.0	30.0	278.0	255.2		34.8
Middle East	25,000	257.0	30.0	287.0	263.4		26.6
						<b>Average delta</b>	<b>39.0</b>
<b>UAN</b>							
Russia	30,000	145.0	28.0	173.0	159.9	140.0	-19.9
Romania	25,000	150.0	32.0	182.0	168.1		-28.1
Egypt	30,000	150.0	30.0	180.0	166.3		-26.3
						<b>Average delta</b>	<b>-24.8</b>
<b>Ammonia</b>							
FSU	35,000	264.0	60.0	324.0		\$pt cfr Tampa 325.0	1.0
Middle East	25,000	270.0	70.0	340.0		Aug price	-15.0
						<b>Average delta</b>	<b>-7.0</b>

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

World Market Status		
Product	Status	Remarks
Granular Urea	Stable	Egyptian producers have placed most of their September tonnage at levels down to \$254pt fob. With the pressure off, some are now quoting \$260pt fob. Middle East suppliers have no shipments to Thailand this month but should be able to place spot tonnage in India. Chinese product has been on offer cheaply in Mexico, but this source is now drying up.
Prilled Urea	Stable	FSU prilled urea has now bottomed out in the high-\$220s pt fob Black Sea. This price encouraged traders and Turkish/Brazilian buyers to step into the market and over 100,000t of Ukrainian urea were sold at \$228-233pt fob. Producers will now look to raise netbacks.
UAN	Soft	As expected, the Egyptian sales tender brought a drop in price from last doen with the product sold at \$150pt fob. The French market remains slow but prices are holding at around Euros 124pt FCA for 30% N solution. The US market remains flat and no spot import activity is possible.
Ammonia	Stable/firm	The international market has been quiet. The Middle East spot price moved into line with levels evident in the West with one cargo sold at \$270pt fob. While tight, upside from current fob levels is limited.

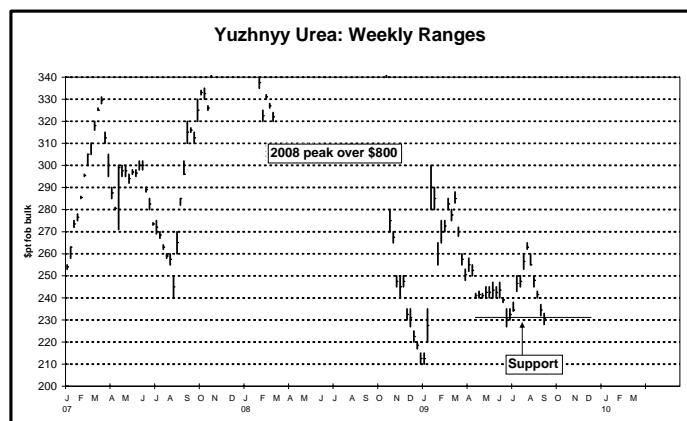


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## Urea

### Prices bottom out in the West

The price floor for prilled and granular urea in the West has been established. Around 100,000t of Ukrainian urea have traded this week at \$228-233pt fob and \$240pt fob Yuzhnyy was reported to have been paid at presstime. India has announced a new tender, importantly for September/October shipments, and Latin American buyers have returned to the market.



The above chart demonstrates that there is real support at \$230pt fob Yuzhnyy. Prices should run up with the next price test \$250pt fob, possibly in October. Chinese exports for November will again be in play at this time, but the impact on the market may be less notable at that stage as demand from the Indian subcontinent will be complemented by continued Brazilian purchasing and, more importantly, heavier movement of urea to Europe and North America in preparation for the 2010 spring season. Further, a large volume of Chinese urea for the November/December timeframe is already being committed. Bangladesh is a case in point, where the recent 31 August tender could result in awards for 200,000t of Chinese product for late Q4 shipment.

Overall, and despite the prospect of heavy Chinese exports in November/December, it appears that Global demand should be strong enough throughout the balance of 2009 to prevent a return to prices below \$230pt fob Black Sea and sub-\$250pt fob Egypt for granular. A healthier international market may also breathe life into the US Gulf. Prices there are currently high by World standards (reflecting \$265pt fob Egypt) and some downside is expected. However, if Egyptian/granular urea prices move back up, this could limit the potential price fall in the

Gulf, particularly as the import line up for the coming months is expected to be relatively slim.

## North America

**US Gulf:** Latest confirmed sales of prompt granular barges have been made in the low- \$270s ps ton fob. There are reports of offers in the mid-\$260s ps ton fob but these could not be confirmed at presstime. On the paper market urea has traded in good volume at \$250ps ton fob for Q4 and offers have now increased.

Inland, warehouse prices are put at \$305-310ps ton.

The import line up remains slim with Venezuela expected to be cut back and no new spot shipments to report (from China or Egypt for example). In addition, the first PIC cargo for CHS is not expected to be shipped from the Middle East until October.

Prills are in tight supply with all Keytrade's Romanian cargo now sold. Yara has 20,000t of Libyan urea loading now for the US Gulf. Trammo has 15,000t of Libyan urea en route. Eurochem will load 20-25,000t of prilled urea in Klaipeda this month for the Gulf.

US Gulf/ec Projected Gran Urea Imports			
Origin	Shipper	'000t	Arrival
<b>Reported/expected</b>			
PIC	Gavilon	40	Aug
PIC	Gavilon	40	Sep
Venezuela	(Q3/08 level)	86	Q3
Trinidad	(Q3 08 level)	101	Q3
Egypt	Trammo	25	Aug/Sep
Sabic		45	Sep
Qafco		45	Sep
Egypt	Agrium	25	Sep
PIC	Gavilon	40	Oct
Qafco		45	Oct
Sabic		60	Oct
Venezuela		25	Oct
Trinidad		25	Oct
<b>Total</b>		<b>602</b>	
<b>08/09 Identified Granular Imports into Gulf/ec from official statistics</b>			
Month		'000t	R. Total
July		47	
Aug		279	326
Sep		384	710
Oct		319	1029
<b>Total</b>		<b>1029</b>	



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**Canada:** Bids for granular urea for September/October shipment are reported to be around \$290pt cfr. Demand is outstanding for an estimated 4-5 cargoes.

Trammo has one cargo to load under an earlier sale which is expected to come from the Black Sea (Gorlovka, Ukraine, product).

### **Ammonia**

#### **World market tight for September**

Ammonia is tight for September. A part cargo has been bought in the Middle East this week at \$270pt fob bringing netbacks there into line with levels in the West. In the Black Sea, Ukrainian and Russian product is fully committed for September. No new sales have been reported but producers are aiming for \$270pt fob or above for residual volumes.

While there is the prospect that Ukrainian supply will increase slightly in October with the restart of OPZ's second line, no major supply boost seems likely as Gorlovka is expected to keep its unit down.

The current market tightness is expected to carry into first half October.

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