



# PROFERCY USA

*US nitrogen prices and the Global perspective*

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*Publisher of The Profercy Report*

10 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	257.0	25.0	282.0	258.8	271.0	12.2
Venez/Trinidad	20-25,000	259.0	20.0	279.0	256.1		14.9
Egypt	25,000	255.0	23.0	278.0	255.2		15.8
Egypt panamax	55,000	255.0	18.0	273.0	250.7		20.3
<b>Average delta</b>							<b>15.8</b>
<b>Prilled Urea</b>							
Libya	20,000	235.0	25.0	260.0	238.9	285.0	46.1
Romania	25,000	248.0	30.0	278.0	255.2		29.8
Middle East	25,000	257.0	30.0	287.0	263.4		21.6
<b>Average delta</b>							<b>32.5</b>
<b>UAN</b>							
Russia	30,000	145.0	28.0	173.0	159.9	135.0	-24.9
Romania	25,000	150.0	32.0	182.0	168.1		-33.1
Egypt	30,000	150.0	30.0	180.0	166.3		-31.3
<b>Average delta</b>							<b>-29.8</b>
<b>Ammonia</b>							
FSU	35,000	264.0	60.0	324.0		\$pt cfr Tampa 325.0	1.0
Middle East	25,000	260.0	70.0	330.0		Aug price	-5.0
<b>Average delta</b>							<b>-2.0</b>

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

World Market Status		
Product	Status	Remarks
Granular Urea	Stable	The Middle East suppliers seem set to offload their surplus tonnage in India at \$255-258pt fob. This will stabilise prices in the area and prevent unplanned shipments to the USA. Egyptian producers are comfortable having sold further volumes at \$254-255pt fob for Europe. Venezuelan product has been committed to the US at close to \$260pt fob.
Prilled Urea	Stable	FSU urea seems set to move to India over the next 45 days which should provide a foundation for prices to increase slightly in both the Baltic and Black Sea. Romanian urea has also been sold close to \$250pt fob for shipment to the USA.
UAN	Soft	UAN prices are lagging with the major markets, France and the USA, inactive. The appreciation of the Euro against the US dollar coupled with a benign Gulf market could result in further export movement out of Nola in the fourth quarter.
Ammonia	Stable/firm	Ammonia is tight for the next 30 days and buyers needing first half October deliveries are unlikely to witness any significant price reductions. European prices have risen to \$320pt cfr.



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## Urea

### India set to take slack out of market

As was widely expected, India's latest and overdue tender brought a sharp downward revision in Middle East prices with product quoted at \$257-258pt fob. 250,000t were offered firm directly by producers for September/October shipment, effectively blocking most traders offering Black Sea tonnage at commercial freight rates. However, the Black Sea could play a part as 100,000t were offered firm by FCI at \$270pt cfr, just \$2pt above the lowest cfr offer from Trammo (ex-Oman in part but reflecting \$231pt fob Yuzhnyy).

IPL will buy and the price agreed with the AG should set a floor for prices there. Further, if, as expected, at least 100,000t are sold from the Black Sea, this will help to bolster prices in the West preventing a return to levels sub-\$230pt fob FSU. Indeed, buyers in other areas may react to the likely positive impact on prices of urea moving to India by hastening their purchasing plans for September/October shipments.

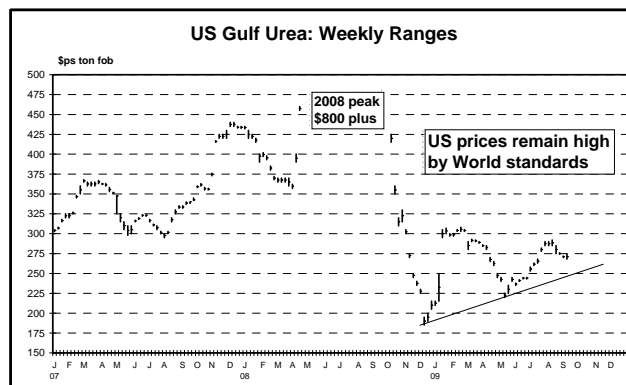
Prior to the Indian tender activity in the urea market was relatively slow. In Egypt, some further buying of granular took place at \$255pt fob bulk. Chinese urea is now out of the picture for the next 6 weeks but producers are quoting November prills in the low-\$250s pt fob bulk and granular above \$260pt fob bulk. There is interest evident from traders already in booking granular at provisional prices for North America. Presently, forward US prices are drifting lower but are still high by World standards (\$285-290pt cfr). Further reductions may be seen, but a collapse is considered unlikely.

While the urea market is not on fire, the events of the past 10 days imply that floor levels for FSU and Middle East prices have been witnessed. FSU prices should now move up but there will likely be a cap set by Chinese product which is already available close to \$250pt fob for November. Thus, a continuous price recovery through October may be difficult to sustain. As per the last Profecy forecast, it seems that the best chance of a true demand-led price run up will come in November/December when buying for Europe and North America should coincide with Indian and Brazilian purchasing.

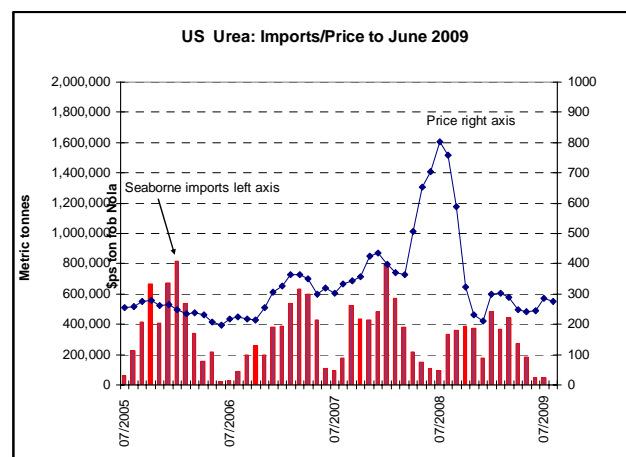
## North America

**US Gulf:** Granular urea prices are holding with prompt barges bought this week at \$270-274ps ton

fob. Lower levels are in evidence for the deferred with first half October at \$265ps ton fob. Further out, physical barges have traded at above \$260ps ton fob for Q1.



**Import data:** The US imported 206,000t of urea in July of which 173,000t was supplied from Canada. The only significant offshore arrival in the Gulf was 29,000t of granular from Venezuela. July imports, the first month of the new campaign, were off 1% from July 2008 but well below the 278,000t recorded in July 2007.



## UAN

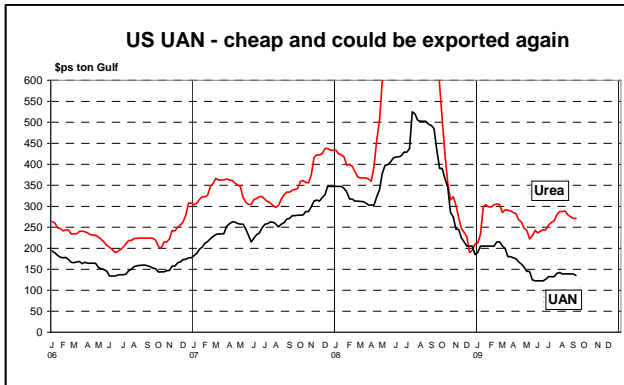
UAN prices are flat at best. In the US Gulf prices are put at \$135ps ton fob. This is low compared with urea but this positive factor has yet to be taken into account by buyers. In France, prices are slipping, in part due to the strength of the Euro (now \$1.455).

**US Gulf:** UAN prices have eased back to the mid-\$130s ps ton fob Nola. While cheap on a per unit N basis versus urea, the large overhang from 2008/09 (estimated at over 1.5m s tons) plus limited buying interest is holding prices back. There is no interest in



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importing at this stage. Some speculate that CF may move product to Canada. Further, it is not impossible that additional shipments could be made to Europe. A price of \$135ps ton fob Gulf would reflect sub Euros 115-118pt FCA for Rouen for 30% solution.



For further details of **The Profercy Report**  
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