PROFERCY

USA

US nitrogen prices and the Global perspective

fertilizers@profercy.com
Publisher of The Profercy Report

World/US Price Comparison

20 September 2009

Product and origin	Cargo size metric tonne	Fob $mt	Freight $mt	cfr Gulf $mt	Equals $pst fob Gulf	Current Price $pst fob Gulf	Current US price - Import cost
Granular Urea							
Middle East	35,000	255.0	30.0	285.0	261.6	260.0	-1.6
Venez/Trinidad	20-25,000	259.0	23.0	282.0	258.8		1.2
Egypt	25,000	255.0	25.0	280.0	257.0		3.0
Egypt panamax	55,000	255.0	20.0	275.0	252.5		7.5
						Average delta	**2.5**
Prilled Urea							
Libya	20,000	235.0	25.0	260.0	238.9	275.0	36.1
Romania	25,000	248.0	30.0	278.0	255.2		19.8
Middle East	25,000	255.0	30.0	285.0	261.6		13.4
						Average delta	**23.1**
UAN							
Russia	30,000	140.0	28.0	168.0	155.4	135.0	-20.4
Romania	25,000	148.0	32.0	180.0	166.3		-31.3
Egypt	30,000	150.0	30.0	180.0	166.3		-31.3
						Average delta	**-27.7**
Ammonia						**$pt cfr Tampa**	
FSU	35,000	265.0	60.0	325.0		325.0	**0.0**
Middle East	25,000	260.0	70.0	330.0		Aug price	**-5.0**
						Average delta	**-2.5**

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

World Market Status

Product	Status	Remarks
Granular Urea	**Stable**	The Middle East suppliers offloaded 275,000t of urea in India at $254-255pt fob bulk, mucjh of which will be granular. This will stabilise prices in the area and prevent unplanned shipments to the USA. Egyptian producers are comfortable into early October having sold further volumes at $254-255pt fob for Europe.
Prilled Urea	**Stable**	FSU urea has been sold to India, around 350,000t in total. This should provide a platform for prices to increase once actual shipments begin under the largest contract - 300,000t concluded by Fedcominvest. Prices have increased slightly in Brazil with FSU product achieving $232pt fob.
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.

The Profercy USA Report

Urea

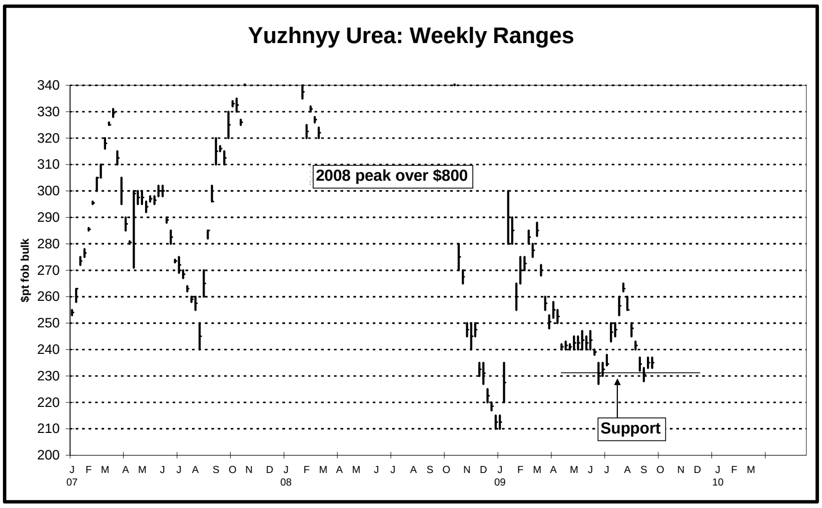
India scoops up cheap tonnes

The mood of the TFI conference in Washington was one of cautious optimism for nitrogen prices in general. Importantly, buyers accepted that the market in many areas has bottomed out (Egypt, Yuzhnyy). However, without exception, buyers remain risk averse which is being manifested in a reluctance to build inventory at distribution level. This continues to hold the market back to a greater degree than was the case in 2006 and 2007. Thus, the best chance of a price run up gathering real sustainable momentum still appears to be during the approach to the spring season in North America and Europe, i.e. December onwards rather than now.

While the liberalized markets remain risk averse, there is good news for urea suppliers emanating from the subsidized demand zone in the Indian subcontinent:

- India has bought over 700,000t of urea firm for September/October shipment and will be back for more for October/November shipment.
- Pakistan needs 500-600,000t
- Bangladesh is still trying to buy huge quantities in a series of tenders
- Sri Lanka has tendered again for 60,000t.

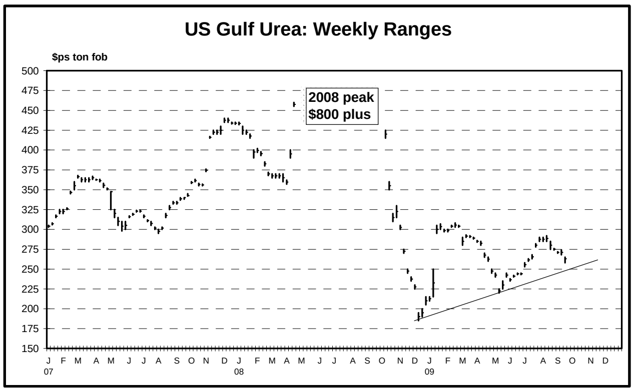
With regard to India the latest buying round has mopped up the surplus in the Middle East and also provided a foundation for FSU prices. Urea prices may not rise continuously through Q4 on the back of this demand alone, but it still appears very unlikely that a return to the lows witnessed in late August



(sub-$230pt fob Yuzhnyy, sub-$255pt fob Egypt) will occur.

USA: UAN is reported to have traded on the paper market at $150ps ton fob for Q1 2010. The market is not bullish short term but tanks are reported to be empty on the east coast. A with urea, there are no fears of looming shortage and, hence, no rush to book offshore product.

Trading in urea is thin. Prompt barges are quoted around $270ps ton fob but first half October has sold at $258-260ps ton fob..



Koch is reported to have reduced its urea price out of the restarted Enid plant by $10-15ps ton fob.

US corn prices have rallied with the December contract closing at $3.46/bu on 15 September, up almost 30 cents on the day. It has since retraced to $3.25-3.30/bu but is still up on the week.

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