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USA

US nitrogen prices and the Global perspective

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16 October 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	27.0	287.0	263.4	252.0	-11.4
Venez/Trinidad	20-25,000	256.0	23.0	279.0	256.1		-4.1
Egypt	25,000	263.0	25.0	288.0	264.3		-12.3
China panamax	55,000	267.0	30.0	297.0	272.4		-20.4
Average delta							-12.0
Prilled Urea							
Libya	20,000	232.0	25.0	257.0	236.1	255.0	18.9
Romania	25,000	250.0	30.0	280.0	257.0		-2.0
Middle East	25,000	260.0	30.0	290.0	266.1		-11.1
Average delta							1.9
UAN							
Russia	30,000	137.0	28.0	165.0	152.7	132.0	-20.7
Romania	25,000	146.0	32.0	178.0	164.5		-32.5
Egypt	30,000	142.0	30.0	172.0	159.0		-27.0
Average delta							-26.7
Ammonia							
FSU	35,000	295.0	60.0	355.0		\$pt cfr Tampa 345.0	-10.0
Middle East	25,000	280.0	80.0	360.0		Oct price	-15.0
Average delta							-12.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Firmer	Canada has now bought around 100,000t of Egyptian granular urea. 50,000t have also been sold in Pakistan. Prices are now firmly over \$260pt fob. Traders offering product into Europe are quoting \$270pt fob. At current prices Egyptian product is unworkable for the USA. Middle East suppliers are comfortable with 130,000t sold in India/Pakistan this week.
Prilled Urea	Firmer	FSU prices have risen to \$240pt fob Black Sea with heavy movement to India/Pakistan under way. Up to 250,000t of Chinese product have also been sold in India for November. Traders looking to cover these sales are facing higher, unworkable fob quotes from Chinese suppliers.
UAN	Soft	Internationally, UAN prices have bottomed out. Around 40,000t of Egyptian product has sold this week at \$142pt fob while a Romanian cargo was sold for France over \$145pt fob. Cutbacks in Baltic production (Poland, Lithuania) have supported the market.
Ammonia	Stable	The ammonia market has been quiet. Supply remains tight in the FSU but buyers are resisting paying \$295pt fob Yuzhnyy or above for November tonnage. The market appears close to its peak.



The Profercy USA Report

Urea

Combined, India and Pakistan have now lined up close to one million tonnes in the latest round of purchasing for shipment through November. This buying has helped to maintain the slow recovery in urea prices in the Black Sea and China.

However, while the general increase in urea prices is being noticed by buyers in the West, it has yet to result in a rush for product. Buyers remain cautious, particularly in Latin America, while the US is unlikely to act as a magnet for new spot cargoes of granular urea in the short term. However, as Q4 passes, the need to book new tonnage for spring 2010 application will eventually become more pressing. Demand looks set to be congested into a tight period which should maintain the overall price uptrend evident in the urea market well into Q1 2010 (albeit probably with a few ups and downs along the way).

US Gulf: Granular urea business is thin and prices are falling for the period after river close. A barge is reported to have traded at \$249ps ton fob and buyers expect lower levels in the coming weeks. Koch is offering product for rail movement at \$305ps ton delivered into the north reflecting a Gulf price around \$250ps ton.

As regards imports, Yara has two vessels in shortly from Qatar (18 and 25 October) while Sabic has its next vessel due to arrive at the weekend. There are reports that two vessels are loading this month in Qatar for the USA, arriving November.

If prices continue to drift in 2h October/November there is a possibility that CF will again look to export.

US Gulf/ec Projected Gran Urea Imports			
Origin	Shipper	'000t	Arrival
Customs		126	July/Aug
Reported/expected		0	
PIC	Gavilon	80	Sep
Venezuela		40	Sep
Trinidad	(Q3 08 level)	40	Sep
Egypt	Trammo	25	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
PIC	Gavilon	40	Nov
Qafco		45*	Nov
Sabic		60	Nov
Venezuela		25	Nov
Trinidad		25	Nov
Total		816	
08/09 Identified Granular Imports into Gulf/ec from official statistics			
Month		'000t	R. Total
July		47	
Aug		279	326
Sep		384	710
Oct		319	1029
Nov		340	1389
Total		1369	
09-08		-553	

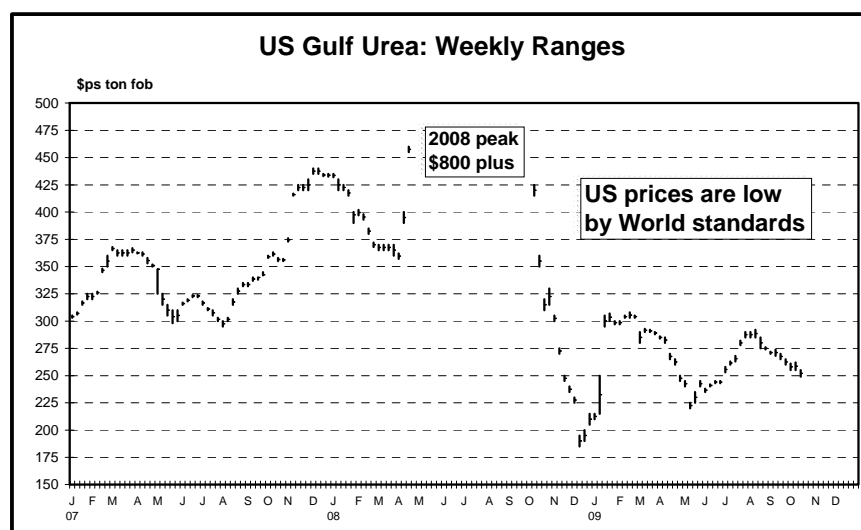
* Qatar may have two cargoes arriving in November.

US urea imports were 205,000t in August, down 58% on August 2008. Canada supplied 103,000t and Trinidad and Venezuela 99,000t combined.

The January-August total was 3.17m. tonnes, down 15% on 2008. Exports of urea were up 68% at 269,000t (112,000t Canada).

UAN

UAN prices have bottomed out with Egyptian and Romanian product sold at \$142pt fob and \$146-147pt fob respectively. In some cases product has been secured to cover shortfalls in output from the Baltic (Lithuania and





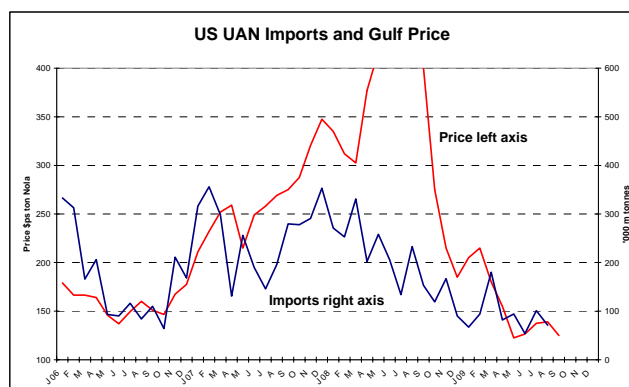
The Profercy USA Report

Poland) for France.

US prices are also improving with barge quotes put around \$135ps ton fob Gulf. \$155ps ton fob has traded for Q1 2010 in the paper market. The more upbeat US position is partly being supported by reports of potential start up delays in Trinidad. These reports have followed news of product swaps between CF and Helm. In addition to this, CF is understood to be planning a maintenance turnaround on one of its units.

US Gulf: UAN has been sold on the paper market for Q1 at \$155ps ton fob. CF is expected to close one UAN line at Donaldsonville for maintenance shortly.

UAN imports were just 71,000t in August, off 69% from August 2008. The total for January-August was 61% lower at 743,000t with Canada supplying one third.



As the chart above shows, import volumes have been trending down since January 2008.

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