



PROFERCY USA

US nitrogen prices and the Global perspective

fertilizers@profercy.com

Publisher of The Profercy Report

29 January 2010		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	315.0	37.0	352.0	322.3	320.0	-2.3
Venez/Trinidad	20-25,000	333.0	20.0	353.0	323.2		-3.2
Egypt	25,000	335.0	28.0	363.0	332.3		-12.3
China panamax	55,000	325.0	43.0	368.0	336.8		-16.8
						Average delta	-8.7
Prilled Urea							
Libya	20,000	285.0	28.0	313.0	287.0	310.0	23.0
Romania	25,000	315.0	35.0	350.0	320.5		-10.5
Middle East	25,000	305.0	45.0	350.0	320.5		-10.5
						Average delta	0.7
UAN							
Russia (Baltic)	30,000	215.0	22.0	237.0	218.0	200.0	-18.0
Romania	25,000	220.0	32.0	252.0	231.6		-31.6
Egypt	30,000	220.0	27.0	247.0	227.1		-27.1
						Average delta	-25.6
Ammonia							
FSU	35,000	297.5	60.0	357.5		\$pt cfr Tampa 365.0	7.5
Middle East	25,000	330.0	80.0	410.0		Feb price	-45.0
						Average delta	-18.8

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

World Market Status		
Product	Status	Remarks
Granular Urea	Firm	Further major sales of Egyptian product have taken place this week at \$335pt fob, a \$7pt increase on last week. The product is bought for Europe where current returns are \$10pt lower due to the weaker Euro. However, granular is now cheap versus prills which should result in a new price run up soon for the premium grade..
Prilled Urea	Firm	Prices have surged to \$290-300pt fob in the Black Sea, the high end for March tonnage. Traders have thrown caution to the wind viewing good sales prospects in Europe/Turkey, Africa and Latin America. There is also the firm chance of an Indian tender which would be the icing on the cake.
UAN	Firm	UAN prices are edging up in France but are still some Euros 10-15pt below replacement cost. The US is also gaining but again does not reflect current exporters' asking prices. With other N prices firm, it is expected that some swithcing to UAN will be evident in the US and France.
Ammonia	Firm	As expected a huge increase in the Tampa price to \$365pt cfr was agreed for February. The market remains tight worldwide and February will no doubt bring further large price gains.



The Profercy USA Report

Urea

Prilled price boom, US granular lags

Urea prices are rising fast in the Black Sea. A small volume of Russian urea has been sold at \$298.50pt fob for end February lifting while \$300pt fob has been paid for Ukrainian for early March. The run up in prilled prices in the West has been caused by a number of factors:

- Prills were cheap at \$270pt compared with granular (the position has now been reversed)
- Production has been lost due to gas shortages, cold weather and technical problems in Romania and the FSU
- Latin American demand has gathered momentum
- AN is unavailable which is pushing more buyers to prilled urea

Expectations of new Indian buying have also played a part. However, although a tender is expected there, after the last inquiry no one can be 100% certain of what may happen. On the supply side in Asia, Chinese prilled urea is being offered for February at \$315pt fob ex-bonded store. Applications to put 400,000t of urea in bonded warehouses have been submitted but it is unlikely all of these will be processed on time. Thus, Feb/March shipments could be cut to sub-300,000t..

In the Middle East producers are generally free from selling spot tonnage due to heavy, continuous contract shipments to the US, Thailand, South Africa and the improving Australasian markets. These will run through Q1.

The one area lagging is the US where prompt granular has traded sub-\$320ps ton fob again this week. This reflects \$320pt fob Egypt and less than \$310pt fob Middle East. Clearly, the US will not act as a magnet for new tonnage if prices show no sign of improvement.

US Gulf: Granular urea prices are flat with offers at \$320-325ps ton fob for February and bids a few dollars lower. The market remains inactive with most buyers prepared to wait irrespective of low terminal stocks and international market developments.

Imports: Trammo is seeking a vessel to load 45,000t of granular urea in Yantai in second half February for the US Gulf. It is reported to have 49,000t loading now in China. Gavilon booked its 38,000t cargo in the low-\$30s pt, loading first half February. Adding these cargoes to the other known shipments since July 2009 reduces the deficit for July-March arrivals to just under 200,000t compared with fertilizer year 2008/09.

Imports: Gavilon is in the freight market for 38,000t granular urea Yantai-US Gulf loading 5-12 February.

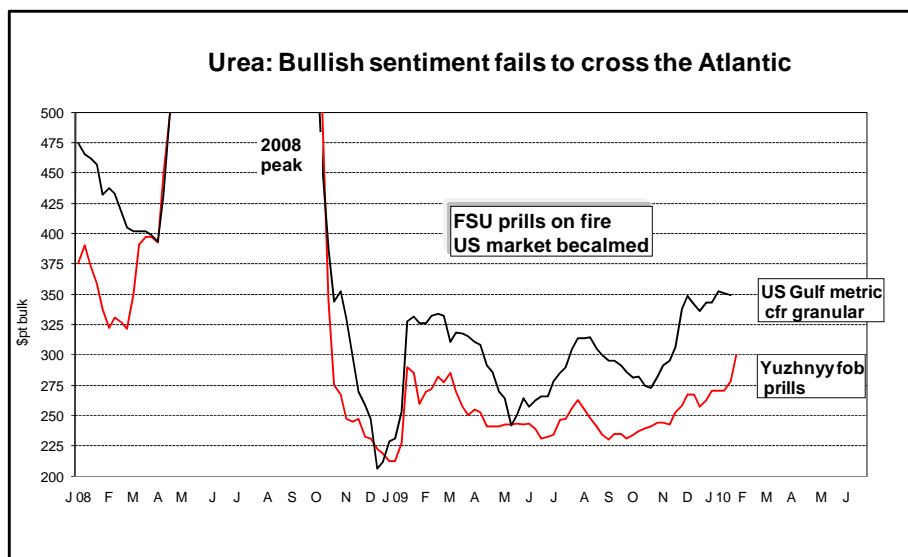
AN/Amsul FSU AN tight

With the domestic market active and limiting export availability, FSU ammonium nitrate has sold at \$250pt fob Baltic this week. Levels above \$260pt fob would be necessary to tempt product into the market in the Black Sea. In West Europe further increases in nitrate prices are in the pipeline in Germany, France and UK. These will help to support granular urea demand and prices.

Amsul has risen further in Asia. Chinese product has sold at \$150pt fob for February while a new sale has been made in Thailand in the mid to high-\$170s pt cfr. In Brazil bids for granular amsul are in the low-\$220s pt cfr against offers over \$230pt.

Ammonia Huge jump in Tampa price

The recovery in the ammonia market has gathered pace over the past week with bargaining strength exclusively on the side of suppliers. In Tampa the February contract was settled at \$365pt cfr while spot

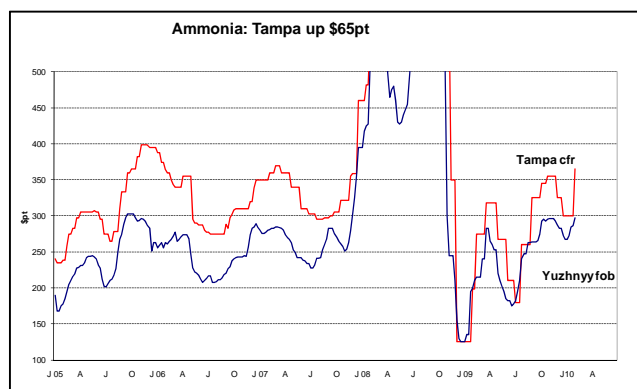




The Profercy USA Report

tonnage was booked \$10pt higher. In Yuzhnyy ammonia has been sold for February at \$300pt fob while Baltic suppliers are quoting a massive \$350pt fob. In Asia a spot inquiry by Gresik Indonesia resulted in a sale ex-Middle East at \$380pt cfr while Australian ammonia has sold at \$351pt fob..

With supply cut back in some areas and demand high worldwide, further price increases are assured in the weeks ahead.



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

PUBLISHER

Profercy Ltd.

Email: fertilizers@profercy.com

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, without the prior written permission of the Copyright owner.

© Copyright 2010 Profercy Ltd