



# PROFERCY USA

*US nitrogen prices and the Global perspective*

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*Publisher of The Profercy Report*

12 February 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
<b>Granular Urea</b>							
Middle East	35,000	320.0	37.0	357.0	326.9	320.0	-6.9
Venez/Trinidad	20-25,000	325.0	20.0	345.0	316.0		4.0
Egypt	25,000	335.0	25.0	360.0	329.6		-9.6
China panamax	55,000	325.0	35.0	360.0	329.6		-9.6
<b>Average delta</b>							<b>-5.5</b>
<b>Prilled Urea</b>							
Libya	20,000	285.0	27.0	312.0	286.0	310.0	24.0
Romania	25,000	315.0	33.0	348.0	318.7		-8.7
Middle East	25,000	315.0	42.0	357.0	326.9		-16.9
<b>Average delta</b>							<b>-0.5</b>
<b>UAN</b>							
Russia (Baltic)	30,000	215.0	25.0	240.0	220.7	215.0	-5.7
Romania	25,000	222.0	35.0	257.0	236.1		-21.1
Egypt	30,000	225.0	30.0	255.0	234.3		-19.3
<b>Average delta</b>							<b>-15.4</b>
<b>Ammonia</b>							
FSU	35,000	360.0	60.0	420.0		\$pst cfr Tampa 365.0	-55.0
Middle East	25,000	355.0	80.0	435.0		Feb price	-70.0
<b>Average delta</b>							<b>-62.5</b>

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

World Market Status		
Product	Status	Remarks
Granular Urea	Stable	The market internationally is stable. Cold weather in Europe is making it difficult for traders to turn an immediate profit on Egyptian positions and product will likely move into store. Middle East prices are steady due to contract commitments while a spot cargo has been placed in Thailand around \$315pt fob.
Prilled Urea	Stable	A correction in FSU prices has occurred as traders with limited February positions to sell have been forced to liquidate in Turkey and Brazil. A short sale in Brazil reflects sub \$285pt fob Yuzhnyy. The downturn in prices is expected to be short lived.
UAN	Stable	US prices are picking up but have yet to reach levels that would support Russian and Ukrainian netbacks over \$205pt fob. The French market is stable at Euros 165pt FCA Rouen with business slow in part due to the extremely cold weather across northern Europe.
Ammonia	Firm	Production cutbacks in Russia are adding to the difficulties of buyers urgently seeking product for March arrival. Cfr prices of over \$400pt cfr in Turkey will soon be witnessed in Europe and North Africa.



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## Urea

### FSU urea price corrects

Ammonia, ammonium nitrate and UAN are all firm. However, urea has taken a knock this week with the US market slow and the lack of positive tender news from India unsettling traders and the short-term price outlook. With liquidity squeezed, Turkish buyers have been able to secure prompt urea ex-Yuzhnyy at \$292pt fob equivalent. Those with tonnage still to buy claim offers at \$285pt fob. In Brazil meanwhile, a cargo has been sold at \$280-285pt fob Yuzhnyy equivalent, sub-\$280pt fob Baltic.

The reduction in prices is very much a trader-driven phenomenon. Producers, and particularly those in Ukraine, are sold out into early March and are still maintaining price ideas above \$295pt fob for March. However, there is no appetite among traders to consider going long at this stage and at such a price.

Granular prices are also stalled. As yet traders who have booked tonnage at \$335pt fob Egypt cannot make these prices work in Europe. Cold weather is delaying activity and buyers feel in no rush while uncertainty over application timing and the Euro/Dollar rate prevails. The USA is also dogged by cold weather and while all agree that the market is not long, there is no rush evident from dealers/farmers to secure product for spring application. Thus, barge prices in Nola are flat with sellers seeking over \$320ps ton fob prompt and buyers \$3-5ps ton lower. Asia is also slow with the Chinese New Year bringing business to a halt.

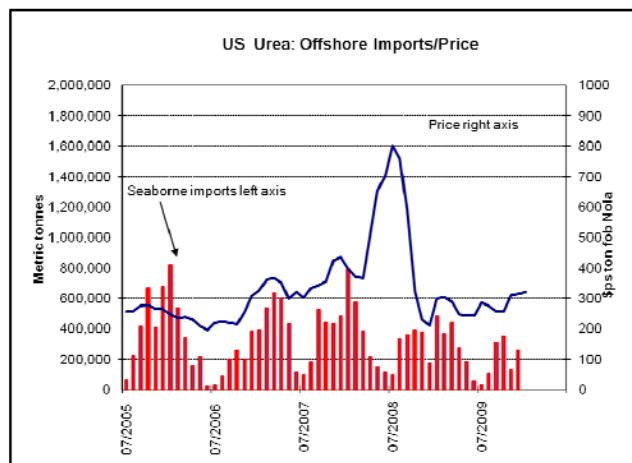
Despite the current nervousness pervading the market, it does not appear that a period of continuous decline is about to ensue. Substantial demand has still to be covered in Europe, Turkey and the Americas for March while in Asia there is still the chance of an Indian tender being announced. Thus, while some FSU producers may need to accept lower prices in the short term, the current bout of price weakness may be just a correction from the relative overheating in late January/early February.

**US Gulf:** The TFI meeting was uneventful for urea. There is a consensus that the market is not long but the season is delayed and this is maintaining prompt prices around \$320pst fob. Further, Koch is reported to be offering March at \$325ps ton fob.

With real movement not expected to take place until March, no early change in Gulf prices is expected. However, there is still optimism among sellers that

the reduced imports evident to date this year plus low inventory at retail level will support another price run up.

**US urea imports:** The total for 2009 was 4.726m. tonnes, down 13% on 2008. December was 389,000t with 252,000t of offshore granular estimated for the Gulf/east coast.

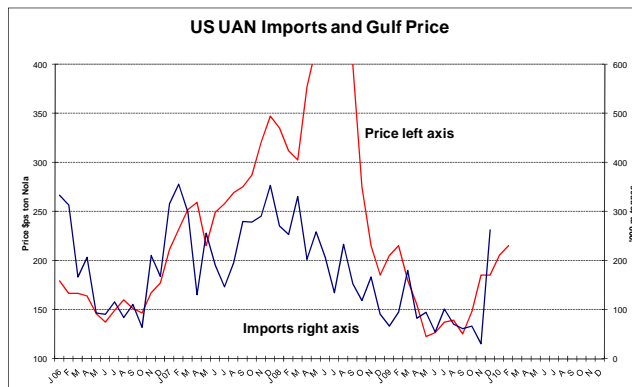


## UAN

### Gains in USA

UAN prices are improving in the USA with prompt barges sold this week at \$215ps ton fob. There are also reports of a sale by Eurochem into the east coast at \$235pt cfr. In Europe French prices are holding around Euros 165pt FCA for small volumes. Business remains slow, in part due to cold weather. Ghent is more active with prices put around Euros 163pt.

As regards production, the new Trinidad plant has yet to export its first cargo while GPN's plant in France is also yet to run.



**US UAN imports** ended 2009 at just 1.16m. tonnes, down 52% on 2008. December was 262,000t, almost double the previous year. 115,000t were imported



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from Russia, 30,000t from Lithuania and 26,000t from Romania. December 2009 was the highest import month since March 2008.

### **Ammonia**

#### **Supply squeeze intensifies**

Product is in extremely tight supply in the West. No open tonnage is available in Yuzhnyy with both Togliatti and Rossosh pumping at reduced rates. The diminished outflow is forcing the diversion of vessels from the port to Ventpils and is leading to heavy swapping of product to meet commitments in North Africa and Europe. Buyers meanwhile are scouring the market for tonnage – Middle East producers have been approached for cargoes for shipment to the West.

Prices have already advanced sharply in Turkey with one sale concluded at \$415-420pt cfr including credit. Any shipments West from the Middle East would exceed this number in North Africa or Europe. As regards Yuzhnyy, no new spot buying has been possible but product could probably command \$370-380pt fob if available.

**For further details of**

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