

PROFERCY USA

US nitrogen prices and the Global perspective

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19 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
Granular Urea							
Middle East	35,000	315.0	37.0	352.0	322.3	317.0	-5.3
Venez/Trinidad	20-25,000	325.0	20.0	345.0	316.0		1.0
Egypt	25,000	333.0	25.0	358.0	327.8		-10.8
China panamax	55,000	325.0	35.0	360.0	329.6		-12.6
						Average delta	-6.9
Prilled Urea							
Libya	20,000	282.0	27.0	309.0	283.3	310.0	26.7
Romania	25,000	302.0	33.0	335.0	306.9		3.1
Middle East	25,000	310.0	42.0	352.0	322.3		-12.3
						Average delta	5.8
UAN							
Russia (Baltic)	30,000	215.0	25.0	240.0	220.7	210.0	-10.7
Romania	25,000	220.0	35.0	255.0	234.3		-24.3
Egypt	30,000	222.0	30.0	252.0	231.6		-21.6
						Average delta	-18.9
Ammonia							
FSU	35,000	365.0	60.0	425.0		\$pst cfr Tampa 365.0	-60.0
Middle East	25,000	367.0	80.0	447.0		Feb price	-82.0
						Average delta	-71.0

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

World Market Status		
Product	Status	Remarks
Granular Urea	Stable	Egyptian prices have held over \$330pt fob this week, but only small volumes have sold. With European demand stalled traders are putting high-priced Egyptian granular into store, hoping for a price boost when cold weather eases. Middle East prices are stable with producers heavily committed for March with contract business.
Prilled Urea	Stable	FSU prices have eased to \$280-285pt fob Black Sea this week with only Turkey active. The \$50pt gap with granular implies that the fall is almost over and there have been efforts to book March tonnage long at sub \$280pt. Producers have rejected these approaches.
UAN	Stable	Egypt achieved \$222pt fob this week for a relatively prompt cargo. This could head to the US. Baltic tonnage has also been committed to the US east coast, landing around \$245-250pt cfr. US prices have yet to reach these heights but are moving up.
Ammonia	Firm	Buyers have rushed to book Middle East product for movement West to make up for the FSU supply shortfall. Morocco has paid \$423pt cfr which implies the next Tampa conclusion will be \$450pt cfr at least.



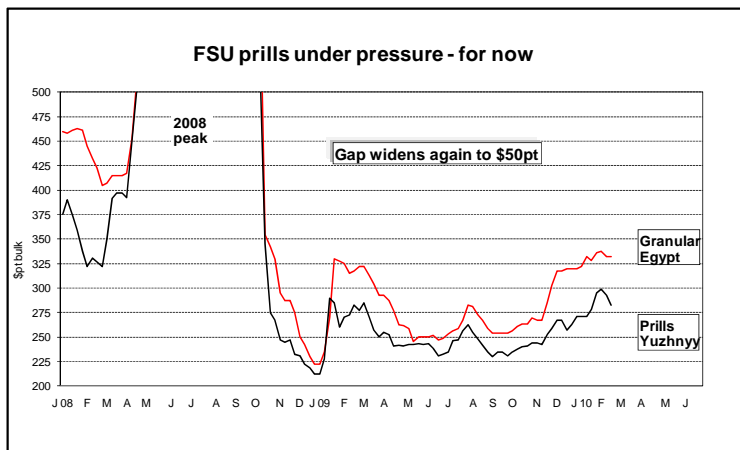
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Urea

FSU prills down \$10pt

Prilled urea has been the bad apple in the nitrogen barrel again over the past week. Price weakness has been evident in the FSU as traders have looked to liquidate February positions. Ukrainian producers are offering at \$285pt fob while in Central America a major buyer is being offered a prompt cargo at \$270pt fob Baltic equivalent and bidding lower. Egyptian granular prices have also eased, but only by \$2pt. In the US barge prices are put at \$315-320ps ton with one or two sellers losing their nerve and opting to discount prompt material.

In the Middle East, spot granular prices have also adjusted slightly. However, a sale at \$315pt fob to Thailand compares favourably with other recent deals as those were to nearby destinations. Further, the price obtained for Thailand provides evidence that the Middle East suppliers are comfortable through March at least and that there is no pressure to cut prices to chase spot business.



Returning to the West, the drop in FSU prices does not appear to be anything more than a correction. Lower prices should generate prilled demand in Turkey, Europe and Latin America in late February/March. Indeed, it does appear that some February demand has been pushed back into March as prices were too steamy in late January/early February. If, as expected, this demand solidifies, a new price rebound could occur. Further supporting this view, if urea were to keep falling, parity with AN might be evident. This would be exceptional. As regards granular, bad weather has delayed activity in the US and Europe. However, this does not mean spring has been cancelled and, in both cases, major demand is anticipated in March/April. European nitrate prices are high and availability likely to be insufficient to cover nitrogen demand. Healthy

buying of granular urea is expected in which could/should underpin Egyptian granular prices at higher levels than those currently reflected by the US Gulf.

US Gulf: Prompt barges are put at \$316-320ps ton fob. It is understood that a few barges have traded this week at \$316-318ps ton fob but most sellers are not prepared to accept these levels. Koch is offering product from a late-February vessel ex-Venezuela in the low-\$320s ps ton fob.

UAN

More product booked for US

US prices are slowly improving but have yet to match international levels. Nonetheless, shipments are being lined up with one cargo booked ex-Baltic for the east coast. As reported last week, US imports have been low this year and this should be reflected in rising prices as spring approaches. French prices have edged up to near Euros 170pt FCA for 30% solution.

USA: Prompt barges of UAN have sold at \$205-210ps ton with some reports suggesting \$215ps ton or above has been paid for March.

Eurochem is offering UAN into the east coast at \$250pt cfr with no takers

Ammonia

Market hot

The bull run continues and shows no early sign of ending. Buyers are now becoming used to prices well over \$400pt cfr with a Middle East cargo sold to Morocco at \$423pt cfr. As regards fob levels, these have gained dramatically in the Baltic with \$375pt fob bid and rejected for March tonnage while in the Middle East Iran has sold 63,000t of spot tonnage for March at \$367-370pt fob.

