



PROFERCY USA

US nitrogen prices and the Global perspective

fertilizers@profercy.com

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26 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	320.0	37.0	357.0	326.9	313.0	-13.9
Venez/Trinidad	20-25,000	315.0	20.0	335.0	306.9		6.1
Egypt	25,000	325.0	25.0	350.0	320.5		-7.5
China panamax	55,000	335.0	35.0	370.0	338.7		-25.7
						Average delta	-10.2
Prilled Urea							
Libya	20,000	280.0	27.0	307.0	281.5	310.0	28.5
Romania	25,000	297.0	33.0	330.0	302.4		7.6
Middle East	25,000	315.0	42.0	357.0	326.9		-16.9
						Average delta	6.4
UAN							
Russia (Baltic)	30,000	210.0	28.0	238.0	218.9	210.0	-8.9
Romania	25,000	218.0	35.0	253.0	232.5		-22.5
Egypt	30,000	220.0	32.0	252.0	231.6		-21.6
						Average delta	-17.7
Ammonia							
FSU	35,000	380.0	60.0	440.0		\$pt cfr Tampa 450.0	10.0
Middle East	25,000	375.0	80.0	455.0		Feb price	-5.0
						Average delta	2.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Firm East Soft West	Middle East prices have raced ahead with around 60,000t sold for March/April shipment at \$330-345pt fob bulk. In the West further increases in European nitrate prices should lend support to Egyptian granular but a reduction from the recent high levels of \$333-335pt fob paid for February tonnage is expected.
Prilled Urea	Soft/stable	FSU prices have remained under pressure this week but there are now clear signs the fall is almost over. Turkish buyers have entered the market to book product at \$275pt fob after battling to obtain lower levels. A price recovery is expected in March.
UAN	Stable	The French market is full with movement from tanks blocked by cold weather. Thus, attention is more concentrated on the US. A sale into the east coast at \$245pt cfr has been reported, reflecting \$210pt fob Baltic. Suppliers are now attempting to move prices on to \$250pt cfr.
Ammonia	Firm	The Tampa price for March was settled at a huge \$85pt above February, \$450pt cfr. Elsewhere Indonesian product was sold at \$400pt fob and Iranian for April at \$380pt fob.



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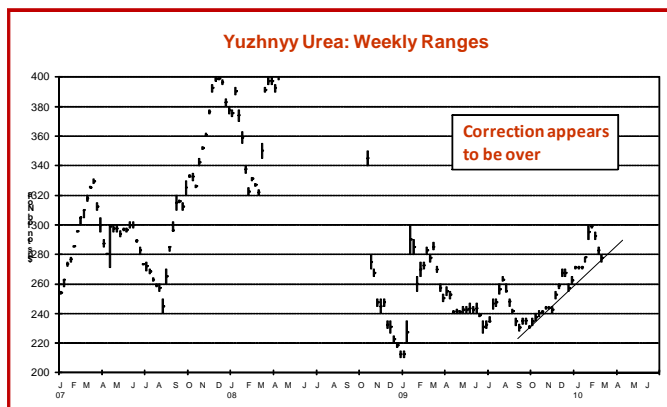
Urea

M East granular firm, FSU prills soft

Middle East granular urea producers have achieved high returns for product for second half March/April shipment over the past week. Around 60,000t have been sold at \$330-345pt fob bulk, \$30pt above returns in the USA. Indonesian product for April also achieved a stunning price,, selling at \$331pt fob. The lack of additional product from this source over the next 3-4 months coupled with the high price of Chinese urea, \$320-325pt fob bulk for prills and \$335-340pt fob bulk for granular, prompted traders to book the Pusri product.

In contrast, Western markets were slow again early this week and prices came under pressure.

However, despite the recent negativity, at presstime there were clear signs that the prilled market had bottomed out. New sales in Turkey have just been concluded in Turkey at over \$270pt fob Yuzhnyy/Black Sea while a sale to Mexico was finally agreed at around \$320pt cfr. Further, Ukrainian producers have rejected bids at \$275pt fob for March while at least two Russian producers have indicated that they will hold material in March rather than sell at low prices forced by the ice conditions in the Baltic.



The above factors, and particularly the acceptance of prices over \$270pt fob in Turkey are expected to result in further firm inquiries emerging for March tonnage over the next few days. Prices could/should recover as buyers recognize no further price downside is possible.

US Gulf: Prompt barges of granular urea have been sold down to \$311ps ton fob this week. Koch has been an active seller of Venezuelan product and has also reduced its Enid price by \$5ps ton.

As the above indicates, the market remains nervous and cautious over price prospects. Meanwhile, corn prices are slightly firmer with March around \$3.70/bu and September and December over \$4/bu on 24 February.

UAN

Increase in US ec price reported

With storage tanks full and demand awaited, some price cutting is evident in France with one seller offering at Euros 166pt FCA, Euros 2-3pt below the pack. US prices are improving with a sale reported into the east coast at around \$245pt fob. This reflects \$210pt fob Baltic (around Euros 155pt)/Black Sea, still below producer asking prices in the south.

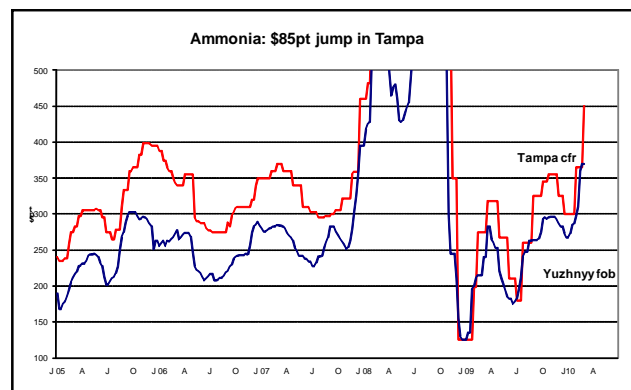
Ammonia

Market hot

As expected a major increase in the Tampa price has been agreed for March. The new level is \$450pt cfr, an \$85pt increase on February and the highest level since Q4 2008. Middle East prices have also moved on with Iran having sold for March at \$380pt fob, a \$10pt increase. In Indonesia product has been sold at \$400pt fob.

Ammonia remains tight for the next 30-45 days and other buyers seem set to face higher cfr prices for March deliveries. Middle East product landing in Europe is reflecting levels above \$430pt cfr.

On a positive note for buyers, FSU production is for export is gradually improving. Gorlovka is now supplying ammonia again to Yuzhnyy although the restart of the second urea line will cut the flow back from the present 100t/h. OPZ will also have slightly more ammonia available in March as both ammonia units will run simultaneously for a short period (some speculate this may be extended).





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

PUBLISHER

Profercy Ltd.

Email: fertilizers@profercy.com

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