



PROFERCY  
**USA**

*US nitrogen prices and the Global perspective*

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26 March 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	300.0	44.0	344.0	315.1	310.0	-5.1
Venez/Trinidad	20-25,000	310.0	25.0	335.0	306.9		3.1
Egypt	25,000	300.0	30.0	330.0	302.4		7.6
China panamax	55,000	315.0	40.0	355.0	325.1		-15.1
<b>Average delta</b>							<b>-2.4</b>
<b>Prilled Urea</b>							
Libya	20,000	270.0	30.0	300.0	275.2	325.0	49.8
Romania	25,000	285.0	35.0	320.0	293.3		31.7
Middle East	25,000	300.0	47.0	347.0	317.8		7.2
<b>Average delta</b>							<b>29.6</b>
<b>UAN</b>							
Russia (Baltic)	30,000	190.0	30.0	220.0	202.6	210.0	7.4
Romania	25,000	205.0	35.0	240.0	220.7		-10.7
Egypt	30,000	205.0	32.0	237.0	218.0		-8.0
<b>Average delta</b>							<b>-3.8</b>
<b>Ammonia</b>							
FSU	35,000	380.0	60.0	440.0		\$pt cfr Tampa 415.0	-25.0
Middle East	25,000	375.0	80.0	455.0			-40.0
<b>Average delta</b>							<b>-32.5</b>

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

World Market Status		
Product	Status	Remarks
Granular Urea	Soft	Iranian granular urea undercut all origins in this week's Pakistan tender. 50,000t were sold at \$285pt fob equivalent, well below levels offered from other Middle East suppliers and the Black Sea (prills). In the EU latest sales of Egyptian granular have been made at \$300pt fob while a small deal in Turkey was concluded sub \$290pt fob equivalent.
Prilled Urea	Soft	FSU prilled urea prices have slipped below \$270pt fob but, even at \$265pt fob Yuzhnyy are too high to compete in Asia with abundant Iranian/other product. An Indian tender on 1 April will afford some chance to build a forward order book but levels over \$265pt fob may be uncompetitive.
UAN	Soft	UAN prices are weak and containment is becoming an issue in the USA. Reports of CF needing to find orders for April are circulating with railcar tonnage claimed to be available at \$205ps ton. Internationally UAN remains under pressure with the weak Euro also a problem.
Ammonia	Soft	As expected the new Tampa price was sharply down on March at \$415pt cfr, a \$35pt cut. FSU prices are also easing with the incursion of Trinidad product again into North Africa and unwelcome development.



# The Profercy USA Report

## Urea

### Pakistan tender highlights market weakness

The 25 March tender in Pakistan confirmed producers' fears that the urea market is weak short term and that there is just too much product chasing too little inquiry. Iranian product was offered at \$289-290pt fob bulk before costs and margin undercutting urea from other origins at a time when many producers have no significant orders on the books for April. To compete in the tender, FSU product would have needed to be sub-\$250pt fob bulk Black Sea.

On the positive side for the market, India has finally announced the first tender of the year closing 1 April for an unspecified volume of urea for April/May shipment. The key questions are how much will India buy and at what price? With regard to the former it is felt that 600,000t could be booked for second half April/May shipment. On price, India may look to achieve the \$300pt cfr west coast booked in December under the mostly-unperformed deal with a trader.

If 600,000t are purchased this will help to steady the market and prevent a non-stop price slide through Q2. However, this volume alone would likely be insufficient to generate a major price rebound. For that to occur, other major markets would need to be buoyant. Unfortunately for suppliers, North America and Europe are relatively inactive during this period while it is too early for Brazilian demand to blossom.

**US Gulf:** Prompt barges of granular urea have traded down to \$308ps ton fob this week. There are

signs of nervousness emerging in the UAN sector with some concern over containment heading into April. There are unconfirmed reports of CF offering railcar UAN at \$205ps ton fob. As regards imports, there are reports that Koch took the Acron cargo on the Chem Faros. Acron has another cargo loading now in the Baltic for the US. Eurochem's cargo on the Bow Puma has been placed on the east coast.

**Egypt:** Around 40,000t of March granular urea are still unplaced while April is open. Product has been on offer at \$308pt fob bulk but with no sales reported.

**Middle East:** In advance of the Pakistani tender granular urea prices were slipping. Trammo sold 25,000t for April shipment to Australia (Ravensdown) at around \$305pt fob bulk.

Other than this there have been no other major sales reported. Koch has been linked with a possible second purchase from PIC, but this could not be confirmed.

New orders are required for April/May shipment and the upcoming Indian tender on 1 April will provide a good selling opportunity for the region's producers.

## Ammonia

### Tampa down, other markets to follow

In the wake of the \$35pt Tampa price reduction this week, lower ammonia prices are anticipated in April. In addition to the drop in the USA, FSU prospects have been hit at a time of increasing supply by the reported loss of North African business to Trinidad. In Asia, Middle East producers have been able to achieve netbacks as high as \$375pt fob for Indian contract business, but the latest spot sale there points to lower levels, below \$370pt fob.

**Yuzhnyy:** Producers are reported to be offering at \$385pt fob for April but are reported to be encountering little interest.

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