



PROFERCY USA

US nitrogen prices and the Global perspective

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02 April 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	285.0	44.0	329.0	301.5	297.5	-4.0
Venez/Trinidad	20-25,000	300.0	25.0	325.0	297.8		-0.3
Egypt	25,000	280.0	30.0	310.0	284.2		13.3
China panamax	55,000	300.0	40.0	340.0	311.4		-13.9
						Average delta	-1.2
Prilled Urea							
Libya	20,000	257.0	30.0	287.0	263.4	310.0	46.6
Romania	25,000	270.0	35.0	305.0	279.7		30.3
Middle East	25,000	285.0	47.0	332.0	304.2		5.8
						Average delta	27.6
UAN							
Russia (Baltic)	30,000	180.0	30.0	210.0	193.5	195.0	1.5
Romania	25,000	185.0	35.0	220.0	202.6		-7.6
Egypt	30,000	185.0	32.0	217.0	199.9		-4.9
						Average delta	-3.7
Ammonia							
FSU	35,000	370.0	60.0	430.0		\$pt cfr Tampa 415.0	-15.0
Middle East	25,000	375.0	80.0	455.0			-40.0
						Average delta	-27.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Stabilising	Middle East suppliers cut their prices sharply to be competitive in India. Product was offered at \$285pt fob which is likely to prove an attractive level for the buyer. Egyptian product was also cut in price this week with a sale to the USA at \$280pt fob. Product also appears to have been offered in India at a similar if not slightly lower level.
Prilled Urea	Stabilising	As expected FSU prices dipped further this week to \$255-260pt fob Black Sea. Importantly, at this level product is competitive in India and if some cargoes are sold, prices are likely to stabilise and possibly even recover in the weeks ahead.
UAN	Soft	Further price reductions have been in evidence in France and the USA. In the former 30% N has now slipped to Euros 160pt FCA Rouen while Gulf prices are sub-\$200ps ton fob. Black Sea fobs are being cut with Romanian on offer in Argentina at \$185pt fob equivalent
Ammonia	Soft	Spot inquiry has ground to a halt exerting pressure on FSU prices. No new deals have been reported but it is felt that prices will fall sharply as April develops.

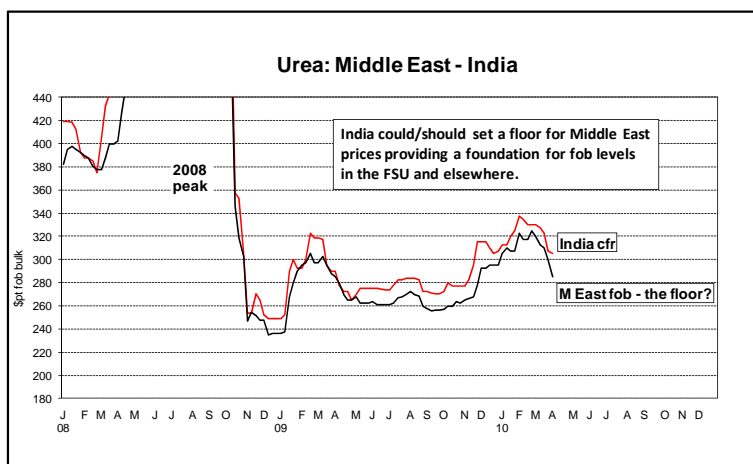


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Urea

Indian inquiry well timed

India's first major tender of 2010 confirmed that the urea market is long and that a major mopping up exercise is needed to take the supply slack out of the market. The lowest offers were below the subsidy budgeted level of \$310pt cfr for imported urea, as was expected following the Pakistani inquiry last week. In total one million tonnes were offered firm sub-\$315pt cfr with the Middle East suppliers competitive for around 200,000t including options at \$285pt fob and the lowest panamax offer reflecting the mid-\$250s pt fob Yuzhnyy.



Prior to the Indian tender prices were already under pressure in a number of areas:

- In Europe small sales of FSU product were made at levels down to \$253pt fob bulk Yuzhnyy equivalent
- In Egypt granular urea was sold for shipment to Europe at \$290pt fob and to the USA, a larger volume, at \$280pt fob bulk
- Chinese prices were under pressure with 10,000t of granular sold at \$300pt fob equivalent
- In the US Gulf granular urea prices have slipped below \$300ps ton fob

The price outlook for the market over the coming 30-60 days will now depend largely on how much India scoops up in this tender. On the positive side for producers, India has not bought a large volume since October last year and stocks are low. Further, the prices offered are attractive and a sizeable volume could be booked sub-\$310pt cfr. In its first tender in May 2009 IPL booked over 700,000t and a similar if not greater volume could be secured this time, if

sellers agree to match the lowest offers. As in 2009, this would establish a floor for Middle East and FSU prices and, potentially, afford some chance of a price rebound later in April/May as other buyers move to cover their requirements safe in the knowledge that prices will not fall further.

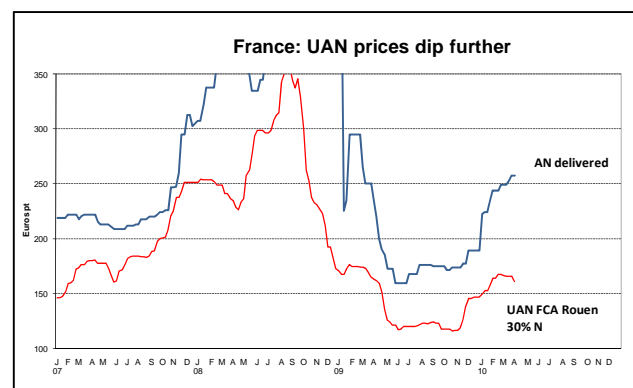
US Gulf: Despite some improvement in the weather and a positive corn acreage outlook, thin activity in the Gulf has prompted a further price slide with one barge sold at \$300ps ton fob. This sale was followed by another conclusion at \$295ps ton fob.

The drop in Gulf urea prices appears overdone to some observers as there are not huge numbers of barges unsold - most product being discharged into barges already has destinations attached. Sensing that prices do not need to freefall, some sellers have withdrawn offers from the market in the expectation that firmer prices may be possible as April develops. Nonetheless, for the time being the psychology and bargaining strength remains with buyers, many of whom still see little need to rush their purchasing.

UAN

Market weak

Prices are under severe downward pressure. Product has been offered in a new inquiry in Argentina at sub-\$185pt fob Black Sea with no guarantee that the buyer will make a decision prior to Easter. US prices are being undermined by bad weather and the weakness of the forward paper market with offers for May in the high-\$180s ps ton fob Gulf. East coast buyers are now targeting levels sub-\$220pt cfr. To complete the gloomy picture, French prices are also in retreat, down to Euros 160-162pt FCA Rouen for 30% N.



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