



# PROFERCY USA

*US nitrogen prices and the Global perspective*

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*Publisher of The Profercy Report*

16 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
<b>Granular Urea</b>							
Middle East	35,000	280.0	44.0	324.0	296.9	291.0	-5.9
Venez/Trinidad	20-25,000	282.0	25.0	307.0	281.5		9.5
Egypt	25,000	270.0	30.0	300.0	275.2		15.8
China panamax	55,000	290.0	45.0	335.0	306.9		-15.9
						<b>Average delta</b>	<b>0.9</b>
<b>Prilled Urea</b>							
Libya	20,000	250.0	30.0	280.0	257.0	290.0	33.0
Romania	25,000	263.0	35.0	298.0	273.3		16.7
Middle East	25,000	280.0	47.0	327.0	299.7		-9.7
						<b>Average delta</b>	<b>13.3</b>
<b>UAN</b>							
Russia (Baltic)	30,000	180.0	30.0	210.0	193.5	190.0	-3.5
Romania	25,000	175.0	35.0	210.0	193.5		-3.5
Egypt	30,000	180.0	32.0	212.0	195.3		-5.3
						<b>Average delta</b>	<b>-4.1</b>
<b>Ammonia</b>							
FSU	35,000	370.0	60.0	430.0		\$pt cfr Tampa 415.0	-15.0
Middle East	25,000	365.0	80.0	445.0			-30.0
						<b>Average delta</b>	<b>-22.5</b>

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

World Market Status		
Product	Status	Remarks
Granular Urea	Soft	Egyptian granular urea is being offered in Turkey/Europe at levels reflecting \$265pt fob with bids at \$260pt fob. Although US prices are holding, it is probably too late for much new tonnage to be shipped to the US even though the fob/cfr calculation works. Iran and Oman are long for May and new orders are needed. A new tender from India is hoped for.
Prilled Urea	Soft	While trader covering has slowed the decline in Black Sea prices, there is no sign of any price reversal and lower fob levels are expected for May shipments. To compete in the next Indian business levels below \$250pt fob will be necessary.
UAN	Soft	Black Sea prices have slipped further with Romanian product sold for prompt shipment to France at \$175-178pt fob. Baltic prices have also eased with Russian tonnage committed to Canada at around \$185pt fob. The outlook for international prices remains poor.
Ammonia	Soft	After weeks of inactivity FSU ammonia prices have slipped with Yuzhnyy traded around \$375pt fob and Ventspils at \$385pt fob. NW European demand is non-existent and further reductions are expected.



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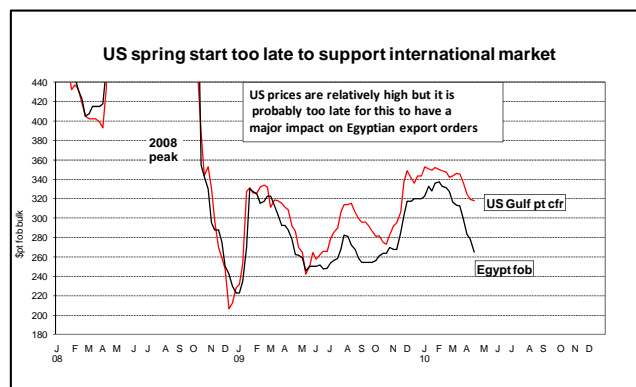
## Urea

### No respite for suppliers

Urea prices have been subject to further erosion in most areas over the past week and although the pace of decrease has slowed in Yuzhnyy, there is no real conviction that prices have reached floor levels in the FSU or Egypt.

- In the Black Sea April tonnage has been sold at \$252-254pt fob and offered for early May at \$252pt fob. Buying ideas are sub-\$250pt fob.
- Romanian urea has been sold in Turkey at \$263pt fob bulk equivalent.
- Egyptian granular urea is being offered into Turkey at \$265-268pt fob before costs and margin.
- Brazilian buyers are bidding at levels reflecting \$240pt fob FSU for prills and granular buyers in Argentina sub-\$270pt fob for Egyptian product.
- Chinese prilled urea is being offered for mid May at \$270pt fob and for July at \$260pt.
- Thai granular prices have slipped to \$315-320pt cfr, reflecting below \$285pt fob Middle East.

Despite the overall negative feel to the market, there are minor positives for suppliers. In addition to the slowing pace of price decline, the level of international inquiry is building slightly with more demand evident from Latin America and Africa. In Asia meanwhile, India is expected to enter the market again shortly. Fast shipment of the cargoes booked from the Middle East has been sought implying that Indian stock levels are not comfortable and that a second tender for urea will be announced. Indian demand could be supplemented by additional interest from Pakistan and, in May, SE Asia. Thai demand should begin to rebuild as stocks are drawn down. The US position is also not entirely negative. Good movement is reported to be underway inland

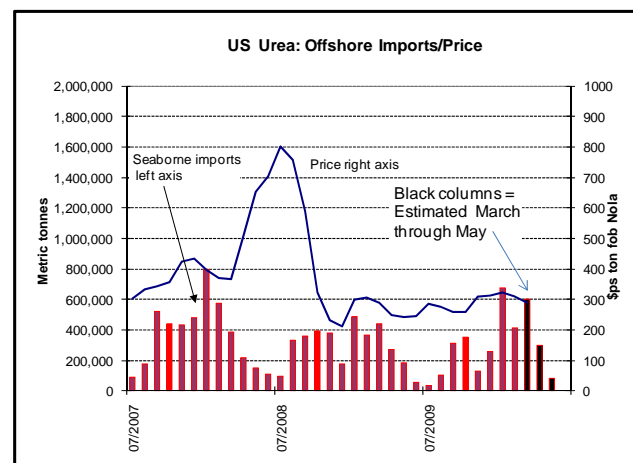


now that weather conditions have improved. High corn and rice acreage projections coupled with drastically cut imports in May/June point to the US system being emptied by 30 June.

**US Gulf:** Activity is picking up with good movement reported inland. Upriver barges have traded up to \$296ps ton fob Gulf equivalent while buyers are now bidding at \$290ps ton fob for barges in Nola. This is \$5ps ton above a sale by Koch earlier in the week. Trammo meanwhile, is reported to be offering upriver at levels reflecting \$300ps ton fob Gulf.

Although the forward paper market is negative, there are positives which could limit the extent of post-season price decline. Firstly, imports will slow in May/June while rice acreage is predicted to be 15% higher this year. A big corn acreage is also expected. These factors could result in heavy drawdown of available urea over the next 75 days potentially leaving inventories low at the end of June.

US urea imports were 576,000t in February bringing the July-February total to 3.37m. tonnes versus 3.61m. tonnes in 2008/09. Offshore deliveries were 410,000t, 265,000t below January but 44,000t ahead of February 2009. The major suppliers to the Gulf were Saudi Arabia, 101,000t, Qatar 99,000t, Trinidad 52,000t, Bahrain 44,000t and Venezuela 25,000t.



Around 600,000t of granular are estimated to have arrived in the Gulf/east coast in March with 300,000t this month. No major volumes are expected for May/June, as was the case in 2009. Then US prices bottomed out in mid May and ran up sharply through July, from the \$220s ps ton fob to over \$290ps ton.

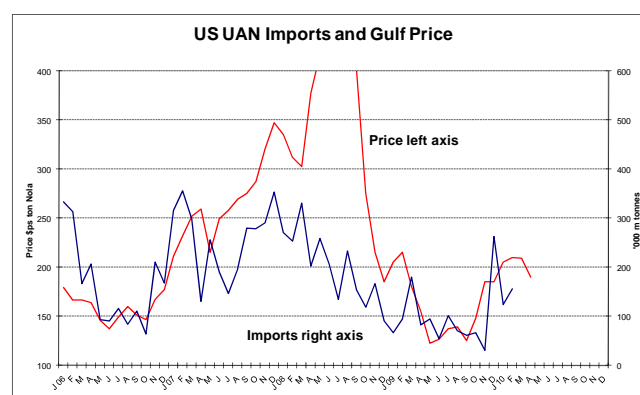


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## UAN

UAN is put at \$190ps ton fob in the US Gulf, around \$220pt cfr on the east coast. The Chem Pharos is under repair on the east coast. The cargo, sold originally by Acron to Koch, has been replaced by another vessel. The Chem Pharos material has still to be placed.

UAN imports were 156,000t in February, two thirds above February 2009. 130,000t of the total were from offshore. The July-February total was 873,000t, still down on even the very low year of 2008/09 (1.07m. tonnes).



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