



PROFERCY USA

US nitrogen prices and the Global perspective

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23 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	275.0	44.0	319.0	292.4	285.0	-7.4
Venez/Trinidad	20-25,000	280.0	25.0	305.0	279.7		5.3
Egypt	25,000	260.0	30.0	290.0	266.1		18.9
China panamax	55,000	290.0	45.0	335.0	306.9		-21.9
						Average delta	-1.3
Prilled Urea							
Libya	20,000	240.0	30.0	270.0	247.9	270.0	22.1
Romania	25,000	255.0	35.0	290.0	266.1		3.9
Middle East	25,000	275.0	47.0	322.0	295.1		-25.1
						Average delta	0.3
UAN							
Russia (Baltic)	30,000	175.0	30.0	205.0	189.0	190.0	1.0
Romania	25,000	170.0	35.0	205.0	189.0		1.0
Egypt	30,000	170.0	32.0	202.0	186.3		3.7
						Average delta	1.9
Ammonia							
FSU	35,000	360.0	60.0	420.0		\$pst cfr Tampa 405.0	-15.0
Middle East	25,000	355.0	80.0	435.0			-30.0
						Average delta	-22.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Soft	Egyptian granular prices have fallen further with producers forced to concede prices below \$265pt fob to move early-May tonnage. US prices are also slipping with product sold late 22 April at \$280ps ton fob Nola, this from a Russian vessel arriving end April. The outlook for granular urea remains weak and further price cuts are assured.
Prilled Urea	Soft	Ukrainian urea prices remain around \$250pt fob but Russian product has been sold for May shipment ex-Baltic to Brazil and Mexico sub-\$240pt fob. The downward price pressure has brought Romania to its knees and plants there will shut by end April due to high gas prices..
UAN	Soft	Egyptian and Romanian UAN has sold this week close to \$170pt fob, a further drop from last week. Russian product has been sold into Canada at a similar netback. The market has no upside potential and the major question remains how far prices will fall from current levels.
Ammonia	Soft	Despite booming US domestic movement the Tampa price was settled for May down \$10pt on April at \$405pt cfr. Ammonia is trending down and FSU prices will drop sharply in May.



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Urea

Another bad week for the market

It has been another poor week for urea producers. Pressure to move granular urea from Egypt has again hit prospects for prills in Turkey/Med markets while the news that Ukraine has been able to secure major gas price discounts from Russia has had a negative psychological impact. The new deal implies Ukrainian urea producers will be able to continue operating even if prices slip well below \$240pt fob. Gas for factories for April is \$206/'000 cbm and this is now considered unlikely to change.

If supply cutbacks are needed to arrest the immediate decline in urea prices, these will now have to be implemented elsewhere. Romanian plants will begin closing next week. However, cutbacks in Romania will not have the same immediate impact as shutdowns in Ukraine. Ukraine exports around 300,000t/m when all plants are running versus a 2009 average of 55,000t for Romania.

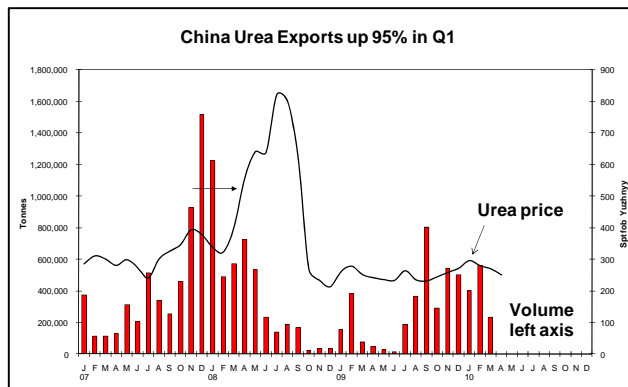
In latest market developments:

- Egyptian granular urea has been sold at \$263pt fob for May.
- Baltic prills have been sold sub-\$240pt fob for May
- Yuzhnyy is holding for now at \$250pt fob but May paper has traded at \$242pt fob
- Thai buyers are seeking \$310pt cfr for small volumes of granular reflecting \$275pt fob Middle East.
- US prices have fallen to \$280ps ton fob Nola and \$253ps ton is being offered on paper for July.

While lower prices are gradually increasing import interest in Latin America, the market urgently needs a shot of good news to arrest the decline. Significantly, fundamentals suggest that the market should not test the low of last year. However, the longer major buyers wait (India, Brazil), the harder it may be for that eventuality to be avoided.

China: Chinese urea exports were 235,000t in March, three times the March 2009 total. Q1 exports were 1.19m. tonnes, ahead 95% on Q1 2009. The US was the largest destination in March at 79,000t.

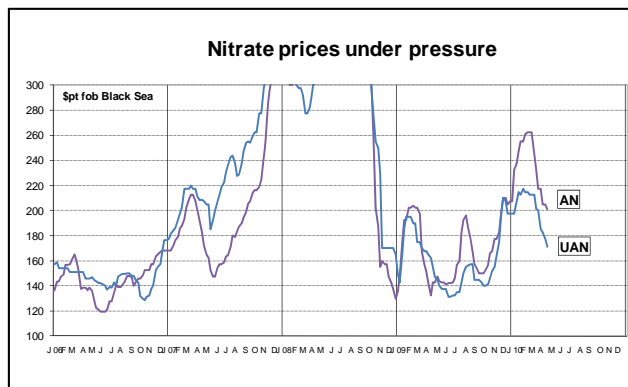
Chinese export activity will rebuild in July with the export tax falling back to 7%. Currently only product in bonded store is being sold at \$270-275pt fob (prills). The price for July tonnage will be substantially lower.



UAN

Downward price pressure maintained

Egyptian and Romanian UAN has been sold for late-April/May shipment at just over \$170pt fob. The Egyptian sale was \$34pt below last done in mid March. Although good movement is expected in the USA, this will not benefit the international market due to timing. French prices are also down slightly with attention turning to the price for the new campaign. Initial offers reported around Euros 145pt FCA are not expected to be low enough to entice buyers for the summer tank refill.



Canada: Eurochem is reported to have sold a 12-14,000t cargo of UAN at \$215-218pt cfr Hamilton/Three Rivers. Trammo has also been in the freight market for 12,000t ex-Romania.

USA: Small volumes of UAN ex-Trinidad are reported to have been placed on the east coast at \$205-210pt cfr. Acron is offering a new cargo to load in the Baltic at \$210pt cfr. The cargo on the Chem Pharos is also still reported to be available. UAN is starting to move with farmers opting for this N source in preference to urea in some cases. UAN is put at \$190-195ps ton fob in the Gulf. On the paper market June/July is being offered much lower at \$170ps ton fob.



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Ammonia

Tampa settled \$10pt lower

While price expectations for ammonia ex-FSU and Middle East are not positive for May, a plant outage in the US this week coupled with record offtake of ammonia from terminals has provided a boost for product available for prompt delivery to the Gulf. Trammo booked 10,000t spot from PCS ex-Trinidad at \$435pt cfr while Nitrochem diverted a 26,000t cargo ex-Yuzhnyy to Koch for Taft, possibly based on the \$415pt cfr Tampa price for April. The latest developments were timely for contract suppliers to Tampa and the May contract has been settled at \$405pt cfr. This is just \$10pt down from May whereas last week buyers were aiming for a \$40pt cut.

Elsewhere however, the market is sluggish. NW European demand for spot ammonia is not evident while Turkish demand will be cut in May by downstream turnarounds. In Asia, a spot sale to a Japanese trader originally for the Far East is estimated to have netted back well below \$350pt fob.

For further details of

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