



PROFERCY USA

US nitrogen prices and the Global perspective

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30 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	265.0	44.0	309.0	283.3	280.0	-3.3
Venez/Trinidad	20-25,000	275.0	25.0	300.0	275.2		4.8
Egypt	25,000	255.0	30.0	285.0	261.6		18.4
China panamax	55,000	285.0	45.0	330.0	302.4		-22.4
						Average delta	-0.6
Prilled Urea							
Libya	20,000	235.0	30.0	265.0	243.4	270.0	26.6
Romania	25,000	250.0	35.0	285.0	261.6		8.4
Middle East	25,000	275.0	47.0	322.0	295.1		-25.1
						Average delta	3.3
UAN							
Russia (Baltic)	30,000	170.0	30.0	200.0	184.4	205.0	20.6
Romania	25,000	165.0	35.0	200.0	184.4		20.6
Egypt	30,000	165.0	32.0	197.0	181.7		23.3
						Average delta	21.5
Ammonia							
FSU	35,000	325.0	60.0	385.0		\$pt cfr Tampa 405.0	20.0
Middle East	25,000	355.0	80.0	435.0			-30.0
						Average delta	-5.0

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

World Market Status		
Product	Status	Remarks
Granular Urea	Soft	There is no immediate end to the price slump in sight. Egyptian fob levels have now slipped to the mid-\$250s pt fob while Middle East product has been sold in Thailand at \$290pt cfr bulk, reflecting \$255pt fob. European nor US demand will rescue the market in the short term and plant closures in the prilled sector now appear increasingly necessary.
Prilled Urea	Soft	No Ukrainian production cutbacks have been announced to date and availability ex-FSU in general continues to exceed demand. FSU product has sold at \$235pt fob in the past week and the next target for Latin American buyers is \$230pt fob or lower.
UAN	Soft	Romanian UAN has been sold for May shipment to the USA and France at \$165-168pt fob. In France June-onwards tonnage is being offered at \$175pt cfr, reflecting around \$150pt fob Egypt, \$145-148pt fob Romania. Whether these prices will prove attractive remains to be seen.
Ammonia	Soft	The strong US demand run has come too late. Ammonia prices are dropping fast in the FSU with bids for Baltic product for May sub-\$320pt fob. In Yuzhnyy, a sale is reported in the \$325-335pt fob range.



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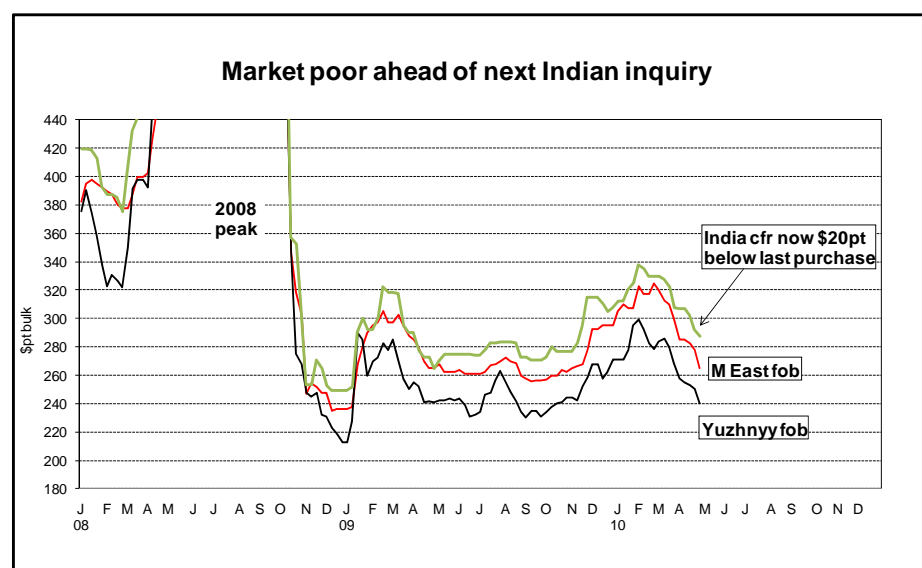
Urea

Tough times continue

Although Latin American demand has picked up in the West, it has not been enough to prevent further price weakness in the FSU and Egypt. Further, buying activity remains very much last minute in nature with major buyers not prepared to book anything more than immediate needs. An aversion to building stock still characterizes the market in the West. As a result, there is no sign yet of the absolute price floor being reached in the FSU or Egypt.

Ukraine could be the answer but, there are no signs of these being implemented in the very short term. Activity in the paper market suggests that prices could soon test the \$225-230pt fob low of 2009 in Yuzhnyy unless some moves to reduce output are undertaken.

US Gulf: Even though demand for all nitrogen is running well from warehouses/terminals inland, the overall tone of the urea market in the Gulf remains bearish.



Gulf prices for prompt barges of granular urea have slipped to \$280ps ton fob with some believing that lower levels are possible with a firm bid. Eurochem has been selling granular from a 20,000t vessel due to arrive shortly. Oakley bought a few barges at \$284ps ton fob. Some product is still believed to be available. Eurochem is also in the freight market for a second vessel, 16,000t, loading in May in Klaipeda. Yara has been offering prilled urea from a possible Libyan cargo.

On the positive side for the market, the slow down in imports in May/June coupled with a big rice acreage, should deplete stocks in the US and limit carryover into Q3.

The same applies in Asia, where granular prices have come under severe pressure in Thailand and Chinese urea has been sold at around \$260pt fob. Chinese prices are still high however and, at \$260pt fob, would not be competitive outside nearby markets, for example in India.

In latest market developments:

- Russian urea has been sold in Latin America in the mid-\$230s pt fob bulk.
- Ukrainian urea has been sold at \$235-240pt fob for first half May.
- Egyptian granular urea has been sold at \$254-257pt fob for May shipment from the Red Sea.
- Granular prices have slipped to \$290-305pt cfr SE Asia. The low end reflects \$260pt fob Middle East
- US prices have slipped to \$280ps ton fob Gulf, but remain high by international comparisons.

As reported last week, while lower prices are gradually increasing import interest (in Latin America for example), the market urgently needs positive news to change buyer psychology and thereby arrest the decline. Supply cutbacks in

UAN

Attention turns to next campaign

UAN for the new season in France (June onwards) is being offered in the Euros 134-139pt FCA Rouen range, reflecting \$175pt cfr and above for 32% N solution (around \$150pt fob Egypt). The opening price is some Euros 20pt above the low last year.

While attention is turning to the new season in France, the US market is running well with Gulf prices at \$205-210ps ton fob Gulf and movement brisk. The expectation is that the US will be drained dry by end June. However, the market still expects a massive drop in post-season prices to encourage buyers to refill.

As remarked earlier, good movement in the USA will not draw in much new offshore tonnage due to timing issues. However, it is having a modest effect with some prompt tonnage booked from the Black Sea at levels just below \$170pt fob. Moreover, if the



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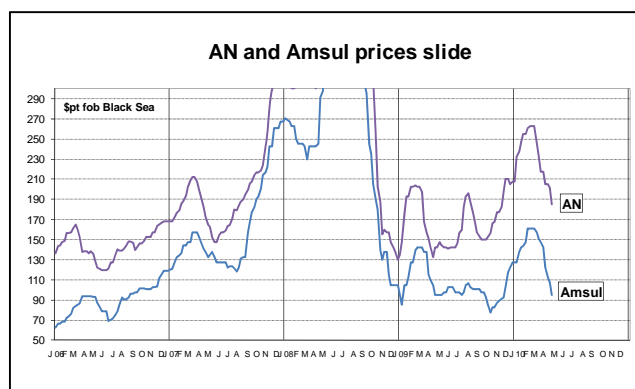
system is run virtually dry, this may bode well for Q3 imports and halt any moves to export volumes from the US Gulf of the magnitude witnessed in Q3 2009.

AN/Amsul

World prices slide

As expected AN prices have dropped sharply with product sold in Central America and Brazil at \$185-188pt fob FSU ports. At presstime there were unconfirmed reports of a sale of May tonnage much lower than this ex-Black Sea but this could not be confirmed. Turkish buyers are bidding at very low levels for AN, sub -\$160pt fob Black Sea, which is too low to entice sellers at this stage.

The latest sale of white amsul ex-Black Sea has been made at \$95pt fob, the first deal below \$100pt fob since November last year.



For further details of

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