PROFERCY USA

US nitrogen prices and the Global perspective

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World/US Price Comparison

Product and origin	Cargo size metric tonne	Fob $mt	Freight $mt	cfr Gulf $mt	Equals $pst fob Gulf	Current Price $pst fob Gulf	Current US price - Import cost
Granular Urea							
Middle East	35,000	255.0	44.0	299.0	274.3	270.0	-4.3
Venez/Trinidad	20-25,000	251.0	25.0	276.0	253.4		16.6
Egypt	25,000	252.0	30.0	282.0	258.8		11.2
China panamax	55,000	275.0	45.0	320.0	293.3		-23.3
						Average delta	**0.1**
Prilled Urea							
Libya	20,000	230.0	30.0	260.0	238.9	255.0	16.1
Romania	25,000	250.0	35.0	285.0	261.6		-6.6
Middle East	25,000	260.0	47.0	307.0	281.5		-26.5
						Average delta	**-5.6**
UAN							
Russia (Baltic)	30,000	160.0	30.0	190.0	175.4	205.0	29.6
Romania	25,000	165.0	35.0	200.0	184.4		20.6
Egypt	30,000	165.0	32.0	197.0	181.7		23.3
						Average delta	**24.5**
Ammonia						**$pt cfr Tampa**	
FSU	35,000	325.0	60.0	385.0		405.0	**20.0**
Middle East	25,000	330.0	80.0	410.0			**-5.0**
						Average delta	**7.5**

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

World Market Status

Product	Status	Remarks
Granular Urea	**Soft**	Egyptian prices have drifted lower to $252pt fob. The appreciation of the Dollar against the Euro is not helping the position in Europe. Asian prices currently reflect $255pt fob for Middle East contract tonnage although higher returns have been possible for spot sales to traders covering earlier business. The outlook remains flat at best for suppliers.
Prilled Urea	**Flat/Soft**	One Ukrainian plant wil close next week. Other closures are needed to stabilise the market but, given the extra volumes of Middle East urea available this year, this wouldl not have the same impact on Global prices as the mid-2009 Ukrainian closures (then 4-5 plants).
UAN	**Soft**	The market tone remains bearish although France has moved fast to book summer refill at $175pt cfr equivalent. This reflects sub-$150pt fob Romania/Egypt, $10-15pt below current prices. Argentina has bought UAN this week below $155pt fob Black Sea equivalent.
Ammonia	**Soft**	The drop in ammonia prices in the FSU has been followed this week by a major slump in Asian cfr values with India booking a June delivery at $325pt fob Middle East, down $25-35pt on last done.

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Urea

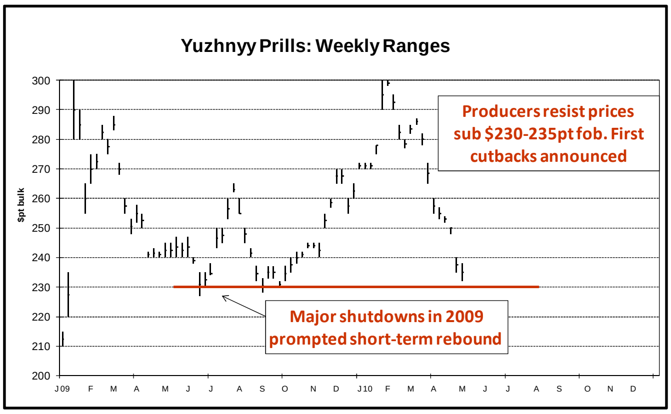
Closures on the table in Ukraine

Despite positive news from Pakistan, expectations of an Indian tender and reports of plant closures in Ukraine (announced and also under consideration) the overall tone of the urea market is flat at best. Prices are down on last week in most areas and, at this stage, there is no solid sign of prices improving for second half May/June shipments. In latest business:

- Egyptian granular urea prices have dipped further with product sold at $252pt fob. Further, short sales have been made in southern Turkey reflecting below $245pt fob, still squeezing potential opportunities for FSU prills.
- FSU urea has traded at $225-232pt fob (low end Baltic, high end Yuzhnyy). Russian suppliers have reasonable orders on the books for the balance of May but June is wide open. Ukrainian suppliers still have second half May tonnage to shift.
- In the Middle East, spot covering for Pakistan has brought some good news with 1-2 spot cargoes sold at $265pt fob. However, latest contract prices in Thailand reflect closer to $255pt fob.
- Chinese prices are also falling with product sold at $265pt fob.
- The US market is trending down with spot barge prices now at $270-275ps ton fob.

While the overall tone of the urea market is anything but positive, FSU and Egyptian prices have dropped 25% from their peak in January and, obviously, most of the fall is over (particularly with most Ukrainian production costs over $220pt fob Yuzhnyy).

Unfortunately for suppliers, demand prospects alone do not point to an imminent price recovery or the emergence of a sustainable price uptrend in the coming months unless production is cut back sharply.



US Gulf: Granular barge prices continue to slide with the buy-sell spread now put at $270-275ps ton fob. Eurochem has a few barges left from its first granular cargo and will load 16,000t later in May to arrive in June. Yara has been offering prilled urea from a possible Libyan cargo.

US Gulf/ec Projected Gran Urea Imports			
Origin	**Shipper**	**'000t**	**Arrival**
Customs		1990	July/Feb
Reported/expected			
		984	Mar/Apr
Russia	Eurochem	30	May
	Total	**3004**	
08/09 Identified Granular Imports into Gulf/ec from official statistics			
Month		**'000t**	***R. Total***
July		47	
Aug		279	*326*
Sep		384	*710*
Oct		319	*1029*
Nov		340	*1389*
Dec		170	*1559*
Jan 09		456	*2015*
Feb		341	*2356*
Mar		336	*2692*
Apr		238	*2930*
May		181	*3111*
	Total	**3111**	

UAN

French buyers lock in major refill volumes

The refill season for France has been spectacular with up to 150,000t of UAN committed by suppliers at prices some Euros 20pt ahead of last year. Although part of this higher level is accounted for by a stronger US dollar (now $1.27/Euro versus $1.35-140 a year ago), the big interest in UAN for refill at this early stage is a positive sign for the market. In addition to pointing to low-end season stocks in France, the rush to book may also have been spurred by concern that Lithuanian and Polish product will not be available. Further, Romanian production may also be threatened by low prices.

In nearer term business, prices have fallen in Argentina with the latest sale below $200pt cfr, sub-$155pt fob Black Sea.

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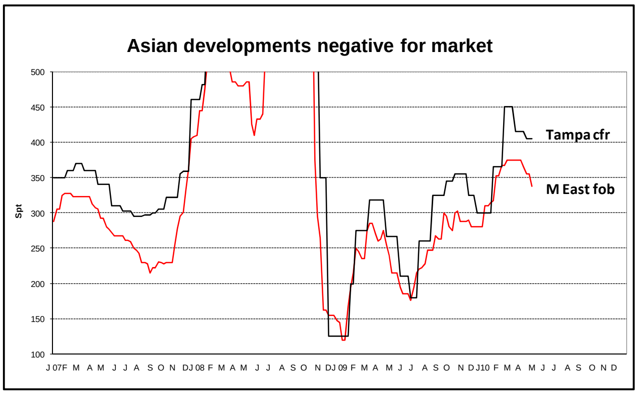
Ammonia

Asian prices slump

The market is bearish. FSU prices are down; Iranian exports will be high over the coming months due to the delayed start up of the Ghadir 2 urea unit; and European demand is waning. The poor forward outlook has been manifested already in a major price drop in India with a sale into Paradeep for June delivery concluded at around $325pt fob Middle East equivalent.

In Yuzhnyy meanwhile, prices are put around $330pt fob and falling. With production costs over $300pt fob in Ukraine, plant closures seem likely in June.



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