



PROFERCY USA

US nitrogen prices and the Global perspective

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18 June 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	235.0	40.0	275.0	252.5	245.0	-7.5
Venez/Trinidad	20-25,000	240.0	20.0	260.0	238.9		6.1
Egypt	25,000	250.0	30.0	280.0	257.0		-12.0
China panamax	55,000	252.0	40.0	292.0	267.9		-22.9
						Average delta	-9.1
Prilled Urea							
Libya	20,000	227.0	30.0	257.0	236.1	225.0	-11.1
Romania	25,000	230.0	35.0	265.0	243.4	nominal	-18.4
Middle East	25,000	242.0	40.0	282.0	258.8		-33.8
						Average delta	-21.1
UAN							
Russia (Baltic)	30,000	150.0	25.0	175.0	161.8	155.0	-6.8
Romania	25,000	165.0	35.0	200.0	184.4		-29.4
Egypt	30,000	165.0	32.0	197.0	181.7		-26.7
						Average delta	-21.0
Ammonia							
FSU	35,000	295.0	60.0	355.0		\$pst cfr Tampa 370.0	15.0
Middle East	25,000	295.0	80.0	375.0			-5.0
						Average delta	5.0

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

World Market Status		
Product	Status	Remarks
Granular Urea	Firmer	Heavy movement of Egyptian granular urea has continued which, together with domestic offtake in Egypt itself, has propelled granular prices to \$250pt fob Damietta. In the Middle East, Pakistan afforded a low netback of \$228pt fob but later sales were made at \$233-243pt fob bulk. Chinese granular dipped below \$250pt fob but may now have bottomed out.
Prilled Urea	Firmer	FSU prilled prices have risen steadily over the past week. Product is now offered at \$230pt fob and above with reports circulating that one sale for July has been made over \$235pt fob Yuzhnyy. End users are gradually paying up with Brazil approaching \$260pt cfr.
UAN	Flat	France continues to absorb huge volumes of Romanian UAN at prices reflecting around \$165pt fob. Russian product has sold for the US east coast around \$150pt fob. In Argentina, the latest sale has been made ex-Trinidad with further inquiry expected.
Ammonia	Flat	FSU prices appear to have bottomed out in the \$290s pt fob Black Sea. Product has been booked for shipment to NW Europe which, together with the US shipments this month, has absorbed all June tonnage.



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Urea

West up, East bottoming out

The urea market in the West has moved higher over the past week buoyed by traders covering in short sales and rekindled interest in urea in Europe, Latin America and the USA.

- In the US Gulf granular urea prices are approaching \$240ps ton fob for prompt while \$245ps ton fob has been paid for July.
- Egyptian granular has been bid at \$250pt fob and this netback has been achieved in latest sales to Turkey and in parts of NW Europe.
- Prilled prices have risen to \$228pt fob Yuzhnyy with \$10pt more claimed to have been paid for July. Over \$240pt fob has been paid for granular in the Baltic.

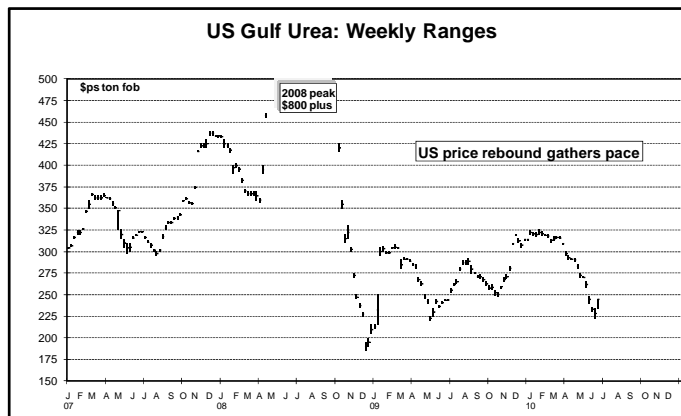
In contrast, Asian markets continue to disappoint suppliers with many buyers waiting and watching before committing to new shipments. Backing their approach has been the continued slide in Chinese prices. However, all bonded tonnage has now been committed while the main granular exporter Fudao is sold out for July over \$250pt fob.

Despite the recent negative feel to Eastern markets, the Middle East suppliers have been able to enjoy slightly improved returns for sales to nearby/African destinations with granular sold at \$243pt fob to Sudan and prills at \$242-244pt fob to India (private business) and Sri Lanka. These returns are well above the netbacks witnessed in Pakistan. Product has also been booked for Latin America, again above Pakistan returns.

As the above illustrates, there is still no Global price trend for urea. The West has moved off the floor while the low for Chinese product may have only just occurred. In keeping with the forecast of 15 June, it appears prices will now move up even in Asia but that Global demand will not be sufficient to generate a price run up through all Q3. Thus, if prices become too high in any one area, a new reversal could occur.

US Gulf: Granular urea prices have rebounded further in the US Gulf. CF Industries has sold prompt barges at \$245ps ton fob and July/August at \$250-253ps ton fob. CF is now rejecting bids for further prompt tonnage at \$245ps ton fob and \$253ps ton fob for July/August.

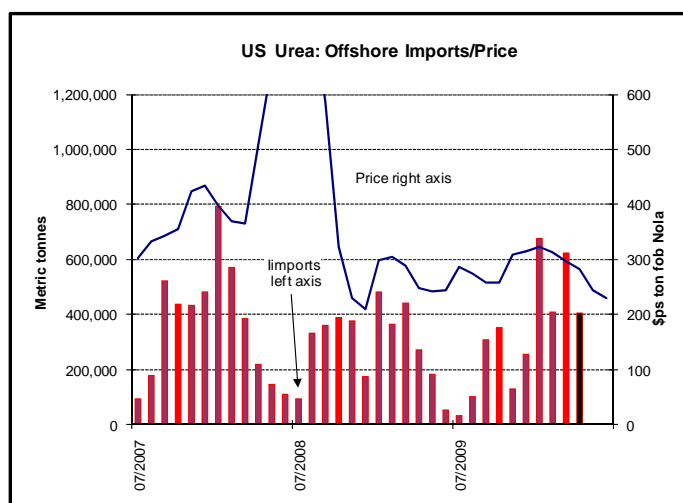
US Gulf Urea: Weekly Ranges



\$250ps ton fob Nola reflects around \$240pt fob Egypt, still \$10pt below the level possible for sales of Egyptian product to Europe.

US urea imports were 688,000t in April, 80% above April 2009. The main origins were Canada, 283,000t, China, 103,000t, PIC/GPIC 129,000t, Egypt 57,000t, Qatar 50,000t and Saudi Arabia 48,000t.

US Urea: Offshore Imports/Price



The July 2009-April 2010 totals were as follows:

US Urea Imports July-April ('000 tonnes)			
	2008/09	2009/10	Change
Total	4597	4828	5%
Canada	1313	1537	17%
Offshore	3284	3291	Even

Since January 2.11m. tonnes of urea have been imported from offshore and this, coupled with the late season, the switch to ammonia and the reluctance of the distribution chain to hold stock, has caused a slump in US prices. From a high of \$320ps ton fob Gulf in January prices dipped to \$222ps ton



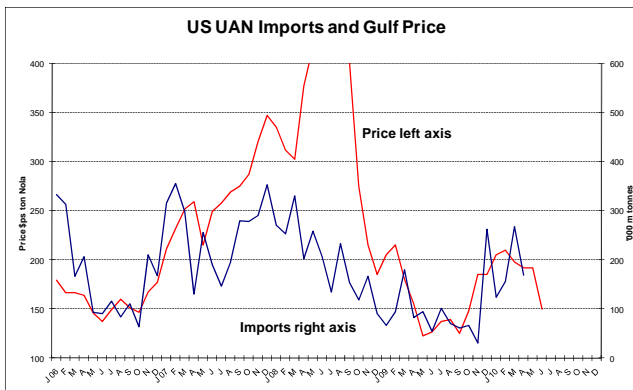
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fob briefly last week, an average decline of \$4ps ton per week.

UAN

US imports at year-ago levels

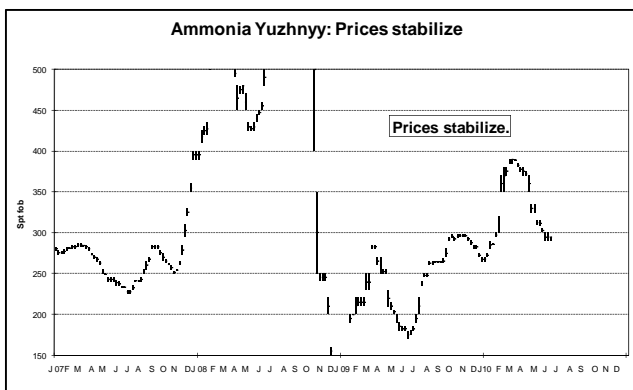
US UAN imports were 169,000t in April bringing the 10-month total to 1.3m. tonnes, in line with the previous year but half the 2007/08 total. April imports comprised 76,000t from Trinidad and 56,000t from Russia with the balance mainly from Canada.



Ammonia

Balance tonnage available for June shipment from Yuzhnyy has been booked in the mid-\$290s pt fob and the port is now fully committed for June. The price drop appears to be over and buyers in Turkey are reacting to this by looking to fill their tanks. NW Europe also appears to be in import mode with Yara having lined up the Hesiod to load in Yuzhnyy in late June for its own system.

As regards July onwards, there is concern in Ukraine that gas prices could be raised which would certainly move breakeven levels well above \$300pt fob. In the Baltic Ventspils is sold out for June.



For further details of

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