



PROFERCY
USA

US nitrogen prices and the Global perspective

fertilizers@profercy.com
Publisher of The Profercy Report

25 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	245.0	40.0	285.0	261.6	255.0	-6.6
Venez/Trinidad	20-25,000	240.0	20.0	260.0	238.9		16.1
Egypt	25,000	255.0	30.0	285.0	261.6		-6.6
China panamax	55,000	255.0	40.0	295.0	270.6		-15.6
Average delta							-3.1
Prilled Urea							
Libya	20,000	235.0	30.0	265.0	243.4	245.0	1.6
Romania	25,000	250.0	35.0	285.0	261.6	nominal	-16.6
Middle East	25,000	245.0	40.0	285.0	261.6		-16.6
Average delta							-10.5
UAN							
Russia (Baltic)	30,000	155.0	25.0	180.0	166.3	155.0	-11.3
Romania	25,000	168.0	35.0	203.0	187.2		-32.2
Egypt	30,000	168.0	32.0	200.0	184.4		-29.4
Average delta							-24.3
Ammonia							
FSU	35,000	295.0	60.0	355.0		\$pt cfr Tampa 355.0	0.0
Middle East	25,000	295.0	80.0	375.0			-20.0
Average delta							-10.0

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

World Market Status		
Product	Status	Remarks
Granular Urea	Firmer	Granular urea prices have risen across the board. Middle East product has been sold to traders for shipment to Latin America at levels up to \$245pt fob. Egyptian product is reported to have sold as high as \$258pt fob for shipment to Europe where high nitrate prices are boosting interest in this alternative nitrogen source.
Prilled Urea	Firmer	Urea prices have risen sharply in the Black Sea with \$240pt fob Yuzhnyy paid by a trader to cover an earlier sale. In the Baltic prills have been sold at \$230pt fob and \$240pt fob is expected to be achieved there shortly. Chinese urea is firm at \$255pt fob.
UAN	Flat	CF Industries has committed a large volume of UAN for export over the past week. Sales to Europe reflect around \$135ps ton fob Gulf according to some estimates, well below current domestic quotes, CF has yet to announce its fill price, but this is expected to be over \$150ps ton fob.
Ammonia	Flat	FSU ammonia prices have bottomed out and may be poised to rebound. Interest in spot tonnage for the USA is building, coinciding with greater demand for offshore product in the EU.



The Profercy USA Report

Urea

Urea market firm worldwide

The rebound in urea prices has assumed a Global dimension with all major markets and export areas showing improvement for suppliers.

- European buyers are bidding at levels reflecting \$255pt fob Egypt. The high new-season CAN price in Germany has added to inquiry for urea
- Ukrainian urea has sold for end-June/July at \$240pt fob while Romanian urea has sold over \$250pt fob
- Russian urea has sold for July at \$230pt fob and higher prices are now targeted
- Middle East prices have bounced back towards \$250pt fob with over 200,000t of spot granular urea now sold for prompt/mainly July shipment at \$235-245pt fob. \$250pt fob has been paid for August.
- As so often happens, Chinese prices have begun to firm as the low-tax export period nears
- Granular urea prices have jumped to \$250-260ps ton fob Nola, \$28-38ps ton above the recent floor

While the urea market is not on fire and it is unlikely that demand will support a non-stop price run up through Q3 (particularly if Ukrainian production rebuilds in August/September), latest developments certainly create a more difficult climate for India. IPL tenders on 25 June for an unspecified quantity of urea for shipment through August. Attempts to book product in the mid-\$260s pt cfr prior to the tender have already been made demonstrating India's acknowledgment that a repeat of the prices obtained in India and Pakistan last time around is not possible. This bodes well for producers, particularly those in the Middle East, who seem unlikely to face much if any competition from China below \$275pt cfr. FSU product will certainly be absent with \$240pt fob reflecting over \$285pt cfr.

US Gulf: prompt barges of granular urea have traded at \$250-255ps ton fob while one company claims to have sold as high as \$260ps ton fob.

There is no huge inflow of new product scheduled for the Gulf in July/August and prices are expected to rise further. The first major shipments from the Middle East are not expected until September.

US Gulf/ec Projected Gran Urea Imports			
Origin	Shipper	'000t	Arrival
Customs		2970	July/Apr
Reported/expected			
Russia	Eurochem	30	May
Russia	Eurochem	20	June
Kuwait	Gavilon	35	June
Total		3055	
08/09 Identified Granular Imports into Gulf/ec from official statistics			
Month		'000t	R. Total
July-May		3111	
June		50	3161
Total		3161	

UAN

US product booked for Europe

The past week has witnessed a flurry of export activity from the US Gulf with multiple cargoes from CF committed by Keytrade to Europe and Mexico. The export rush now appears to be over and the next development awaited is the summer fill price. Prior to the IFA conference in early June buyers were hopeful that levels well below \$140ps ton fob Nola might be possible but this is now considered unlikely given the flushing of the system undertaken by CF in recent days.

In France meanwhile, UAN 30 is put at around Euros 155pt FCA Rouen. Increasing AN prices through the summer are lending support. In the Black Sea Romanian product is quoted over \$170pt fob while the latest Egyptian sales tender brought a slight price improvement on last done with 10,000t sold at \$167.50pt fob.

Ammonia

Price floor established

There is now clear evidence that ammonia prices have bottomed out. New spot purchases in Turkey and Morocco reflect netbacks in the mid-\$290s pt fob Yuzhnyy and further sales at similar levels are considered possible for July. Inquiry from Europe and the USA for additional FSU tonnage is evident with prices for the latter clearly above the latest Tampa price conclusion.

The Tampa price was settled for July at \$355pt cfr. While this represented a decrease of \$15pt on June, this modest cut probably sets the floor for Tampa and the expectation is that August will be settled at a higher level.



The Profercy USA Report

The position regarding Ukrainian production of ammonia remains clouded but it does appear that no gas price cut is likely. Indeed, if anything, prices could rise as the IMF is increasing pressure on the Ukrainian government to end gas price subsidies for industry.

For further details of

The Profercy Report

contact: fertilizers@profercy.com