



PROFERCY USA

US nitrogen prices and the Global perspective

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02 July 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	255.0	40.0	295.0	270.6	256.0	-14.6
Venez/Trinidad	20-25,000	250.0	20.0	270.0	247.9		8.1
Egypt	25,000	260.0	30.0	290.0	266.1		-10.1
China panamax	55,000	260.0	40.0	300.0	275.2		-19.2
						Average delta	-9.0
Prilled Urea							
Libya	20,000	240.0	30.0	270.0	247.9	245.0	-2.9
Romania	25,000	255.0	35.0	290.0	266.1	nominal	-21.1
Middle East	25,000	255.0	40.0	295.0	270.6		-25.6
						Average delta	-16.6
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	300.0	60.0	360.0		\$pst cfr Tampa 355.0	-5.0
Middle East	25,000	295.0	80.0	375.0			-20.0
						Average delta	-12.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Firm	Granular prices have surged ahead over the past week with Egypt having sold at \$264pt fob for early August, albeit only 10,000t, and Saudi Arabian material also booked for August at \$260pt fob. Chinese granular has sold in volume at \$260pt fob with numerous shipments lined up for the US west coast and Chile.
Prilled Urea	Firm	FSU prices have moved on with \$245pt fob paid in the Black Sea for July tonnage and \$242pt fob Baltic for August. Brazilian prices have advanced with close to \$270pt cfr paid for prompt tonnage. The outlook is firm into August.
UAN	Flat	UAN prices are holding with Romanian product sold for second half July shipment to Europe at \$170pt fob. CF's export programme (6 cargoes) has enabled the company to quote above \$150ps ton fob for the Q3 refill programme in the US.
Ammonia	Firm	Production cutbacks in Ukraine and Russia have set the scene for a sharp run up in ammonia prices. Ventspils product is already quoted at \$320pt fob. Middle East prices have moved on to \$295pt fob..



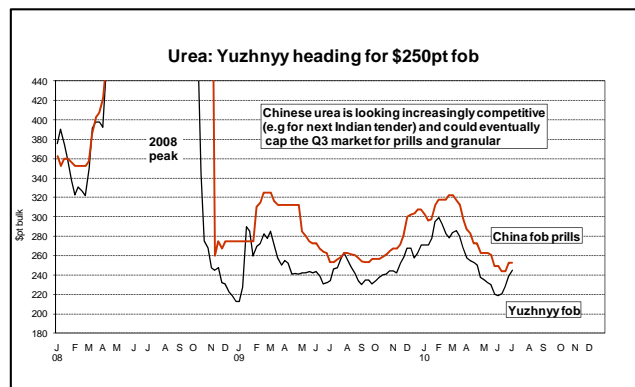
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Urea

Market recovery continues

The urea market continues to recover from its Q2 lows. This week's highlights have been:

- Ukrainian urea has sold at \$245pt fob for July
- Romanian prilled urea has sold over \$255pt fob
- Egyptian granular has sold at \$264pt fob for early August
- European nitrate prices imply that Egyptian granular urea is cheap even at the above price
- Middle East granular has sold at \$260pt fob for August
- Iranian availability has been exhausted for July and August with 350,000t sold to India, albeit at low prices
- Chinese producers are maintaining firm prices for both prilled and granular
- Granular urea prices have risen to \$260ps ton fob Nola for July



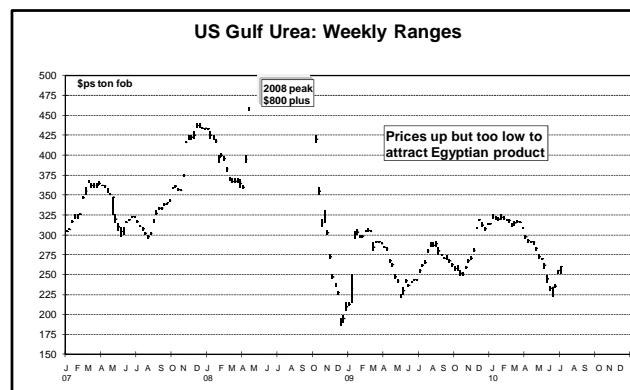
Buyers worldwide are now facing higher cfr quotes for both grades and this will be demonstrated in Pakistan on 5 July where offers are likely to be well over \$280pt cfr from established suppliers. Producers in the Middle East and elsewhere are comfortable for July and no price weakness is expected. The real test of the market's strength will come in August. Chinese product may then become a more important factor and could/should play a part in Indian east coast demand. This, coupled with plants coming back on stream and a slower period in Europe, could cap the market.

Profercy's latest forward trade balances are consistent with the last forecast report and still point to a potential supply surplus in September. Thus, a price correction could occur later in Q3 (albeit not to the lows witnessed in Q2.)

US Gulf: Prompt barges of granular urea have mainly traded at \$250-255ps ton fob this week. However, some sales have been made at \$260ps ton fob for July and \$263ps ton fob for August.

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

Corn received a boost from the 30 June USDA report with acreage down and demand projected to be solid. July corn closed at \$3.56/bu on 30 June. December was at \$3.75/bu.

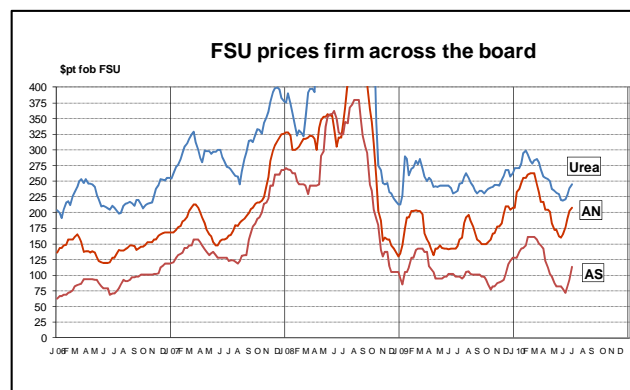


Nitrates

Nitrate prices surge

AN prices are firm with Russian suppliers and traders having obtained returns of \$205pt fob in Turkey and Brazil. Eurochem is now offering at \$215-220pt fob bulk and aiming for over \$250pt cfr in Brazil.

Higher prices are not tempting more product into the market at this stage. Romanian AN has sold for Europe around \$215pt fob.



Amsul is also firm with Russia's Kuaz having sold its latest July tonnage at \$113pt fob while in Asia the



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latest sale by Citco ex-Vostochny is reported to have been concluded at \$118pt fob.

Ammonia

Supply squeeze expected

The ammonia market is looking increasingly tight. European demand has built up with BASF taking 60,000t this month and Yara expected to move 40,000t from Yuzhnyy. Supply is tight in Ukraine with only Togliatti pumping at this stage. Gorlovka has decided to shut its only operating plant due to uncertainty over gas prices. As a result of the squeeze, any free product would likely command over \$300pt fob. In the Middle East Iranian prices have advanced \$15pt to \$295pt fob for end July.

For further details of

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