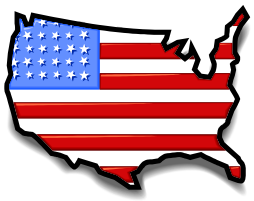

PROFERCY

USA

US nitrogen prices and the Global perspective

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Publisher of The Profercy Report

09 July 2010	World/US Price Comparison						
					Equals	Current	Current
Product and origin	Cargo size metric tonne	Fob $mt	Freight $mt	cfr Gulf $mt	$pst fob Gulf	Price $pst fob Gulf	US price - Import cost
Granular Urea							
Middle East	35,000	260.0	25.0	285.0	261.6	258.0	-3.6
Venez/Trinidad	20-25,000	256.0	18.0	274.0	251.6		6.4
Egypt	25,000	265.0	25.0	290.0	266.1		-8.1
China panamax	55,000	270.0	35.0	305.0	279.7		-21.7
						Average delta	**-6.7**
Prilled Urea							
Libya	20,000	245.0	30.0	275.0	252.5	245.0	-7.5
Romania	25,000	260.0	30.0	290.0	266.1	nominal	-21.1
Middle East	25,000	260.0	30.0	290.0	266.1		-21.1
						Average delta	**-16.6**
UAN							
Russia (Baltic)	30,000	160.0	25.0	185.0	170.8	155.0	-15.8
Romania	25,000	170.0	35.0	205.0	189.0		-34.0
Egypt	30,000	170.0	32.0	202.0	186.3		-31.3
						Average delta	**-27.0**
Ammonia						**$pt cfr Tampa**	
FSU	35,000	310.0	60.0	370.0		355.0	**-15.0**
Middle East	25,000	300.0	80.0	380.0			**-25.0**
						Average delta	**-20.0**

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

World Market Status

Product	Status	Remarks
Granular Urea	**Firm**	Prices remain solid with ussian product sold at $265pt fob for Germany and Egyptian at $270pt fob. Venezuelan granular has been sold into Mexico at a netback in the mid-$250s pt fob while news of a 25,000t export cargo from the US Gulf has surfaced, this for west coast Mexico. The outlook for the next few weeks is firm.
Prilled Urea	**Firm**	Ukrainian urea has sold at $250pt fob while Romanian has achieved $260pt fob and above. Chinese prices are also up at $262-263pt fob with traders having bought product for upciming Indian tender business (13 July). The outlook is firm short term.
UAN	**Flat/firm**	Exporters are achieving modest price gains for UAN for August shipment with product sold for shipment from the Baltic at $150-155pt fob, This would reflect around $175pt cfr east coast US. Romanian UAN has sold at $170pt fob for August.
Ammonia	**Firm**	As expected ammonia prices have risen sharply in the FSU to $315pt fob, a $20pt gain in one week. This price move points to a major increase in the next Tampa price for August.

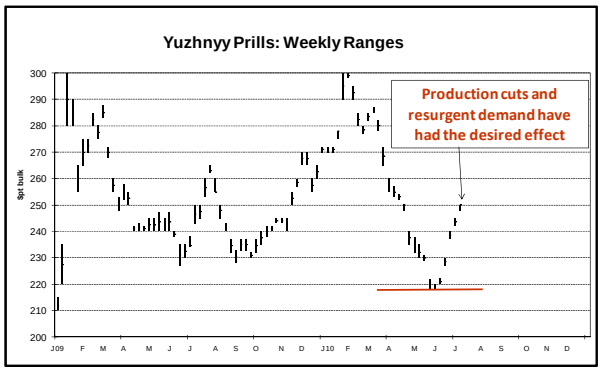
The Profercy USA Report

Urea

Another strong week for suppliers

It has been another strong week for urea prices with gains posted in all areas. As expected Pakistan's tender bought limited offers and high prices with the award $38pt above the last purchase in June. Other developments this week have been:

- Ukrainian urea has sold at $250pt fob for July and most availability is committed for the month
- Romanian prilled urea has sold over $260pt fob
- Egyptian granular is being bid at $260-263pt fob
- Pakistan reflected over $265pt fob for Middle East granular
- Chinese prills have sold at $263pt fob while granular is quoted at $270pt fob
- Prompt granular has sold at $258ps ton fob Nola; an export cargo has been booked for Mexico
- UAN and AN prices remain firm. AN is certainly in tight supply with FSU product sold at $210-215pt fob.



India's next foray into the urea market on 13 July will no doubt witness prices around $300pt cfr and certainly over $290pt cfr. Pakistan on 22 July will also witness high prices although at this point some traders could look to short the market. Certainly Chinese product will be in play for the Indian tender and should business be lost to this origin by other traditional suppliers, it could be a precursor to a price correction for second half August/September shipments. However, even if prices slip back, a return to the Q2 lows of $220pt fob Yuzhnyy, $230pt fob Middle East/Egypt does not appear likely. Demand for offshore urea September through December is normally healthier than in Q2 with Europe and the USA importing for the next spring season and Brazil and India also active.

US Gulf: The highest price reported paid to date for a prompt barge of granular urea is $258ps ton fob.

A firm freight inquiry is currently evident for 25,000t of granular urea Donaldsonville-Guaymas Mexico loading 20-28 July. This is for a sale to JCO of CF Industries' urea.

On the import side, Gavilon is expected to load 35,000t of PIC granular urea in Kuwait in August for the US Gulf, the first shipment of the new fertilizer year. It is also seeking a COA for 6 cargoes ex Egypt (see above). Sabic's first vessel is due to arrive in late August/September.

As reported last week corn received a boost from the 30 June USDA report. On 7 July corn for July closed at $3.70/bu with December at $3.88 and all 2011 contracts over $4.00/bu.

UAN

Market firm following US export splash

The UAN market is firm. Romanian production is cut back this month due to a turnaround while interest is already evident for August shipments to France. In the US the new fill price has not prompted a rush of demand but CF is comfortable following export sales of 180-200,000t to Europe and Mexico.

Freight rates have escalated with the latest 30,000t fixture from Romania for France fixed in the mid-$20s pt.

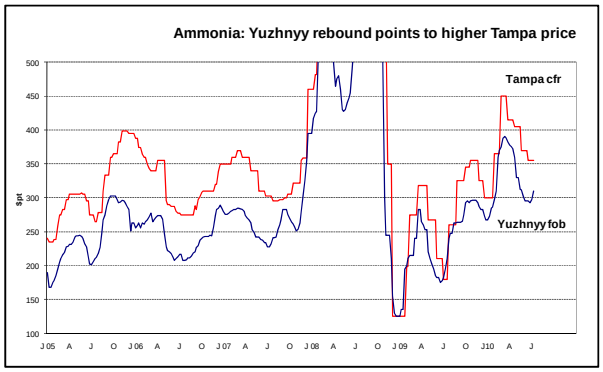
USA: As expected CF set a fill price of $152-155ps ton fob at the end of last week.

Gavilon will load 25-30,000t of UAN for Rouen in the coming weeks. Koch is also seeking a second vessel for Rouen and Keytrade 1-2 vessels for 48-53,000t US Gulf/Rouen/Ghent. The above will bring total shipments to Europe by CF to 5. One cargo has also been booked for Mexico.

Ammonia

FSU prices race ahead

As expected ammonia prices have risen sharply in the West on the back of production cuts in Ukraine and heavy demand for product for NW Europe. Latest sales in Yuzhnyy have been made over $300pt with one 20,000t consignment placed at $315pt fob.



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