



PROFERCY USA

US nitrogen prices and the Global perspective

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23 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	275.0	25.0	300.0	275.2	281.0	5.8
Venez/Trinidad	20-25,000	280.0	18.0	298.0	273.3		7.7
Egypt	25,000	280.0	25.0	305.0	279.7		1.3
China panamax	55,000	275.0	35.0	310.0	284.2		-3.2
						Average delta	2.9
Prilled Urea							
Libya	20,000	247.0	30.0	277.0	254.3	275.0	20.7
Romania	25,000	270.0	30.0	300.0	275.2		-0.2
Middle East	25,000	270.0	30.0	300.0	275.2		-0.2
						Average delta	6.8
UAN							
Russia (Baltic)	30,000	180.0	25.0	205.0	189.0	180.0	-9.0
Romania	25,000	180.0	35.0	215.0	198.0		-18.0
Egypt	30,000	175.0	32.0	207.0	190.8		-10.8
						Average delta	-12.6
Ammonia							
FSU	35,000	330.0	60.0	390.0		\$pt cfr Tampa 355.0	-35.0
Middle East	25,000	325.0	80.0	405.0			-50.0
						Average delta	-42.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Firm	Spot purchasing for the buoyant US market has raised Egyptian granular prices to \$280pt fob. The US market also now reflects over \$275pt fob Middle East which will ease the slight disappointment of the 22 July Pakistan tender where prices dipped to \$270pt fob. In Latin America export product has sold \$280pt fob this week, in line with Egypt
Prilled Urea	Stable	FSU prilled urea has been booked to cover business in India at \$252pt fob while Romanian urea has sold at \$270pt fob into nearby markets. The strength evident in the granular sector of the market should provide support for prills in August.
UAN	Firm	UAN remains in tight supply internationally and in the USA. Romanian product is quoted over \$180pt fob while Russian has sold at \$175pt fob and over \$190pt fob is now being asked for September. No additional production is emerging and higher prices will be evident in August.
Ammonia	Firm	Supply cutbacks in the FSU coupled with strong demand in Europe/Asia have boosted international prices this week. The USA is raging internally and a major jump in Tampa prices is guaranteed for August.



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Urea

Mixed week but US positive

The urea market is in a mixed state. The latest tender in Pakistan brought a \$4pt reduction on last done with the lowest offer reflecting \$270pt fob Middle East at best.

Countering the above, slightly negative development, US prices have surged higher and are now reflecting above \$300pt cfr. This, the highest-priced market worldwide, looks set to remain so in August as there will be no major inflow of offshore contract urea into the Gulf until late August/September. More significantly for the World market, the US could attract spot granular tonnage - one cargo is already reported ex-Egypt. Current US prices reflect as high as \$280pt fob Egypt and \$275pt fob Middle East. They have also encouraged Trinidad to quote over \$280pt fob for potential August shipments to Latin America. Trinidad and Venezuela now have a viable US option which will limit the need to compete in other markets.

Returning to the Global position, a strong US market and the possibility of additional cargoes being shipped there is positive. As can be seen from the chart above, the US rebound in 2009, which occurred

was the case in 2009. Another factor to consider is that Iran, a major exporter in recent months, is being squeezed out of the trade by banking restrictions. This could be a major positive for other suppliers and prices in Q4 if the restrictions block this product from most major markets.

US Gulf: Prompt granular has traded at \$278-281ps ton fob. CF has raised its prices and Koch has increased at Enid. Physical barges are being offered at \$290-295ps ton fob for September - \$284-285ps ton fob has already been paid.

The import inflow will be slow in August, building in September. No Eurochem shipments are planned ahead of the mid-August anti-dumping review. Planned/known shipments are listed below:

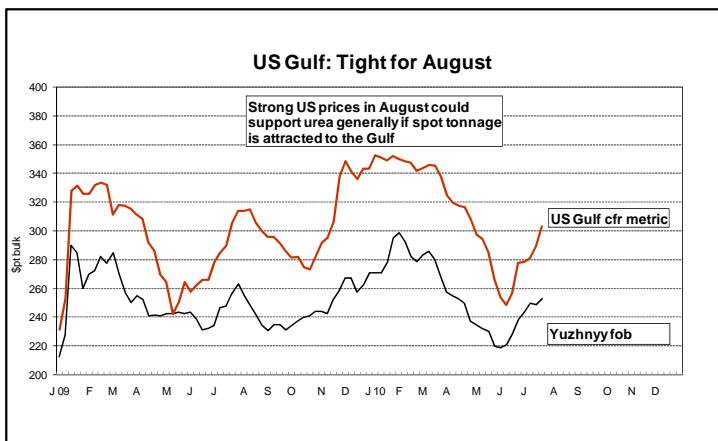
US Gulf/ec Projected Gran Urea Imports			
Origin	Shipper	'000t	Arrival
S Arabia		60	Aug
Trinidad		50	Aug/Sep
Venezuela	Koch	50	Aug/Sep
Kuwait	Gavilon	40	Sep
Qatar		45	Sep
Total		245	
Possible			
S Arabia		60	Sep
Egypt	Trammo	50	Sep
Egypt	Gavilon	60	Aug/Sep
Total		415	
09/10 Identified Granular Imports into Gulf/ec from official statistics			
Month		'000t	R. Total
July-Sep		413	
Difference		-2/168	

UAN

Market boiling

The UAN market is firm. Prices are up in all areas with Romanian sold at \$180pt fob, Russian at \$175pt fob and the US Gulf at \$180ps ton fob.

USA: UAN is extremely tight with CF well committed. Prices are put at \$175-180ps ton fob. CF is limiting the volumes made available due to the tight market (buying for late application and next season is evident) and is reportedly now only prepared to sell barges with destinations defined. As reported earlier, major accounts have low inventory and there is a lot storage available still virtually empty.

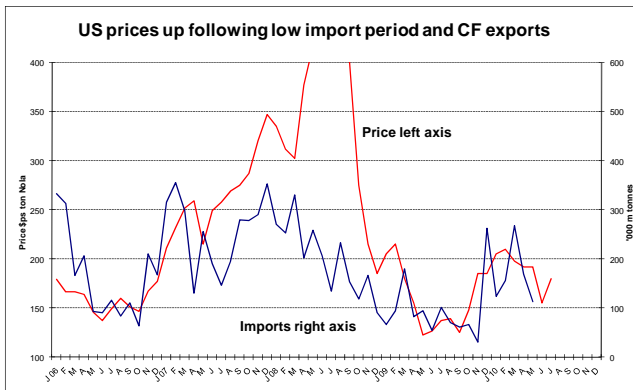


one month earlier than this year, helped to support urea prices in general. The fact that this year's recovery is late could, simplistically, imply that US prices will peak in late August/September and prices at load ports (e.g. Egypt) in second half August.

As indicated earlier, the current bull run in urea is not expected to last through all Q3 and a correction is possible for September shipments. Nonetheless, the market does seem to be in better shape this year than last and any correction may be more limited than



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Ammonia

Prices surge

Ammonia prices are surging ahead. Strong US demand is evident for the upcoming Fall season and prices there are listed as high as \$500ps ton ex-terminal. In Yuzhnyy product has sold at \$330pt fob, a \$5pt gain on last week. In the Middle East Iran has achieved \$315pt fob for late August while the latest offers in India reflect over \$320pt fob Middle East.

With the USA expected to remain strong in August and FSU supply constrained, further major price increases are expected. Tampa looks set for a major gain for August with Yuzhnyy now reflecting \$385pt cfr and above.

For further details of

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