



## GLOBAL UREA POSITION

There is no Global trend in urea. On the positive side:

- The US market powered ahead early in the week to reflect \$320pt cfr for granular before slipping back a few dollars.
- Egyptian granular urea has been sold in small lots in Europe at levels reflecting the mid-\$280s pt fob. The main positive factors here have been a higher Euro/Dollar rate and high AN prices – due to increase a further Euros 5pt from 1 August.
- Agricultural commodity prices are at healthy levels in the both the US and Europe while stocks of nitrogen are not high in either area.

Countering the above:

- FSU prilled prices have slipped back with product sold at the end of last week at \$245pt fob Yuzhnyy and \$244pt fob Baltic.
- Asian business is slow with Thai granular prices put at \$285-290pt cfr and no real interest in prills evident from other markets.
- Chinese prilled prices have eased back to the low-\$260s pt fob from \$265pt fob with a large proportion of the STC Indian business covered.

Thus, the urea market remains mixed and upward price momentum seems to be slowing at best for producers, reversing at worst. This appears to support the prediction that the recovery cannot last throughout the whole of Q3 and that a general correction may be on the cards, particularly for late August/September shipments. However, even if this is the case, the market is in better shape than one year ago and there is also the prospect that Iranian urea could become a non-participant in the trade if financial restrictions continue to intensify. Thus, potential price downside later in Q3 could/should be relatively limited.

## DEVELOPMENTS

- US prices off but still highest worldwide 1
- Egyptian granular gains further on European interest 2
- Middle East prices flat as US interest evaporates 3
- Chinese prilled prices ease back as covering slows 3
- Traders cut prilled urea offers in Brazil 4
- Next Indian tender expected second half August 4
- UAN: Prices soar on both sides of Atlantic 5
- Amsul: Prices remain firm in Black Sea 5
- Ammonia: Tampa up \$25pt; further gains expected 6

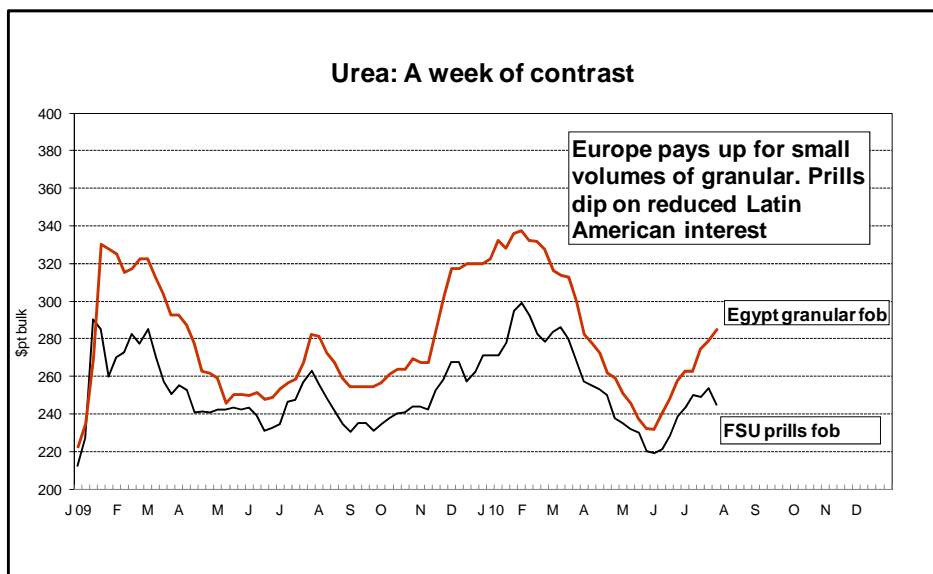
## KEY PRICES

- Prilled urea: \$245-248pt fob bulk Yuzhnyy
- Granular urea: \$268-293pt fob bulk Middle East
- Ammonia: \$350-355pt fob Yuzhnyy

## Profercy Ltd

Editor  
Clive Yearsley

Tel: + 44 1372 386205  
Mob: + 44 7796 695031  
Email: [fertilizers@profercy.com](mailto:fertilizers@profercy.com)





## Urea Supply West

### Black Sea

**Yuzhnyy:** Urea prices have drifted back to \$245pt fob. Trammo has bought 20-25,000t at that level for India. DniproAzot is still holding out for \$250pt fob. Around 100,000t of urea are estimated to be unsold for August, comprising 45-50,000t DniproAzot, 25,000t OPZ, 20,000t Cherkassy and 10,000t Severodonetsk.

Gorlovka is expected to resume production of urea in August. Cherkassy has one urea line running. It will stop this line for turnaround in early August when work on the first unit is complete.

**New shipments** Gavilon will load 24,000t of urea around 10 August on the Four Seas for Brazil. Toepfer is in the freight market with an inquiry for 25,000t Yuzhnyy-Brazil prompt. Trammo is reported to have nominated the Sea Lavender to load 43,000t 1-5 August for India. Drey Moor is seeking a vessel to load 55,000t first half August for India and Helm 25-35,000t Yuzhnyy-Pakistan.

The Yuzhnyy/TIS line up for August is around 120,000t based on nominated vessels. 183,000t loaded in July.

Yuzhnyy Export Line Up August				
Vessel	Kt	Dest	Shipper	Ld
Sea L	43	India	Trammo	1-5
Golden B	5		Ameropa	5-10
Tbns				
	55	India	Drey Moor	28-5/8
	25	Brazil	Toepfer	28-5/8
<b>Total</b>	<b>128</b>			
<b>Inventory</b>	<b>60</b>			
<b>TIS</b>				
SV Anna	2	Serbia	Agrochem	1
Evdoxia	28	Brazil	Helm	2
Medno	2	Serbia	Agrochem	4-5
Four Seas	24	Brazil	Gavilon	3-10
<b>Total</b>	<b>56</b>			
<b>Yuz/TIS</b>	<b>184</b>			

**Ukraine gas:** Nitrogen/chemical producers have still to see any increase in the price of gas. The rate for power plants increases by \$50/'000 cbm on 1 August but this has not been implemented for chemical producers. The National Commission for Energy Regulation stated that the Q3 price from gas from Russia is \$269/'000 cbm DAF with \$289/'000 cbm projected for Q4.

**TIS:** The Salavat plant is closed for maintenance this month.

**Novorossisk:** Eurochem is offering prilled urea for August at \$250pt fob.

**Romania:** Urea production remains down. UAN is offering better returns. The position will be reviewed in the weeks ahead.

### Baltic

Although small lots of Russian prilled urea have sold over \$250pt fob equivalent into Europe, the overall price trend has been down. The price weakness in Yuzhnyy has had an impact and producers with product to place for second half August lifting are facing lower fob quotes.

Baltic Shipments August			
Supplier	Shipper	Dest	'000t
<b>Grodno</b>	Ameropa		25
<b>Phosagro</b>	Ameropa	Argentina	22
		Ecuador	10
<b>Uralchem</b>		Brazil	20
<b>Citco?</b>	Koch	Brazil	28
<b>Total</b>			<b>105</b>

**Phosagro:** Further to last week, Ameropa will ship 25,000t in first half August to Argentina (Bunge). A trader has a cargo to load second half August.

**Grodno:** A sales tender closed 29 July for two 10,000t lots of urea. Two traders already have urea to load in August.

**Uralchem:** has 25,000t of urea available for August.

**Citco** has 25,000t of urea available for August.

Koch is in the freight market for 28,000t urea St Petersburg and Riga to Brazil options loading 4-12 August. The urea is reported to have been booked around \$244pt fob, possibly from Citco. Ameropa is in the freight market for 10,000t urea and 25,000t MAP prompt for Aratu Brazil and 2 ports Argentina.

### Europe/North+West Africa/Mediterranean

**Egypt:** Bids for granular urea for August shipment to Europe have risen to the mid-\$280s pt fob. However, producers are aiming for \$290pt fob and above, which may prove too ambitious for large volumes.

- OCI is expected to ship two cargoes to Brazil in August and 30,000t to the USA via Gavilon.
- MOPCO has 25,000t of August tonnage available. Trammo will ship 40,000t to the USA.
- HFC is believed to have small lots available for August.



- Gavilon has fixed a COA for 6 x 35,000t granular urea Egypt-US Gulf August-February 2011.

**Libya:** Following the explosion two weeks ago week, Libya is expected to produce just 40,000t of urea in August and is committed for the month.

**Americas**

**Trinidad:** PCS is believed to have technical problems at Point Lisas which may result in some shipments being delayed. Product has been sold around \$280pt fob for August/September. Trammo will load 6,000t for Fairless Hills US in August. Under earlier business Indagro will load 12,000t for Argentina/Uruguay in August and Trammo 8,000t for Colombia.

**Urea Supply East**

**Middle East**

Urea producers received bids for September tonnage for shipment to the USA at \$275pt fob early in the week but these evaporated as the forward US market lost momentum. Netbacks for potential business in Asia are lower with Thailand reflecting sub-\$270pt fob bulk and the recent sale to Pakistan \$270pt fob at best.

**Qatar:** New sales/shipments: None confirmed. Qafco may ship to Brazil in August.

**Saudi Arabia:** New sales/shipments: Sabic may load a second 60,000t for the USA in August.

**Kuwait/Bahrain:** None reported. No deal has been agreed to date with CHS for contract shipments to the USA in 2010/11.

**UAE:** No new sales have been reported.

**Oman:** Trammo sold 100,000t in Pakistan at around \$270pt fob. It is in the freight market for 50,000t for Mundra (STC) loading 5-10 August.

**Iran:** The second ammonia/urea line has been inaugurated. This comes at a time when financial sanctions are raising raises questions over how effective a supplier Iran will be in Q4. Currently traders are checking possibilities to move product to Latin America.

<b>Granular</b>			
<b>Bah/Kuw</b>	Gavilon	USA	40
130-150k/m		Pakistan	40
<b>Oman</b>	Trammo	India	100
100k/m		Pakistan	50
<b>Qatar</b>		Thailand	45
150k/m		Bdesh	25
		Phils	5
		USA	45
<b>S Arabia</b>		USA Poss	60
220-240k/m		Thailand	20
		Australia	25
		Philippines	10
	Ameropa	Brazil	30
<b>UAE</b>		Bangladesh	12
60-65k/m	Helm	Pakistan	25
	Aug/Sep	S Lanka	48
<b>Total</b>			<b>580</b>
<b>Prod/m</b>			<b>680</b>
<b>Prilled granular total</b>			<b>640</b>
<b>Prilled and granular prod/m</b>			<b>800</b>

**China:** Prilled urea prices have slipped with prills down to \$261-262pt fob. Granular is quoted at \$275pt fob ex-Fudao while other suppliers are aiming for \$280pt fob. Chinese traders have taken positions for August/September at high prices and are now trying to act in a concerted fashion by holding granular quotes at this seemingly unrealistic price. However, stocks are building at the ports.

In latest business Keytrade has committed a part cargo of Chinese granular urea to Mexico. Chinese granular is also being offered in Brazil. Trammo is now expected to load three panamax cargoes for STC India.

**Indonesia:** Due to technical issues, Gresik has postponed its sales tender for 15,000t of prilled urea until next week. Kaltim and Pusri are expected to hold sales tenders again in August. Liven is shipping its Kaltim granular to Thailand (16,000t) and the Philippines (11,000t). BBSC and Trada also booked 15,000t each from Kaltim. Profeta has placed 30,000t of its 70,000t of Pusri prilled urea in Thailand and the Philippines.

**Urea Demand West**

**Europe/Med/North + West Africa**

**NW Europe:** The Euro has been trading over \$1.30 and this, together with firm nitrate prices and solid cereals prices, has afforded sales of small volumes of granular urea in France at Euros 155pt vdb La Pallice, reflecting the mid-\$280s pt fob Egypt. In some respects buyers are finally paying up after missing

<b>Middle East Export Sales August output</b>			
<b>Prills</b>			
<b>Origin</b>	<b>Trader/Buyer</b>	<b>Dest</b>	<b>'000t</b>
<b>Qatar</b>		Bangladesh	25
70/m		Phils	15
<b>S Arabia</b>		Bangladesh	15
50k/m		Phils	10
<b>Total</b>			<b>60</b>
<b>Prod/m</b>			<b>120</b>



the market in June/July. However, volumes involved are small.

**West Africa:** Inquiries are evident for prilled urea cargoes for Nigeria. Bauche has been testing the market for 15,000t of urea for West Africa but has since decided to defer.

### North America

**US Gulf:** August granular urea prices surged to \$295ps ton fob at the start of the SW Fertilizer Meeting in San Antonio. However, the meeting ended on a less bullish note with buyers withdrawing partly upon the realization that there is no World shortage of the product and that new offshore shipments will arrive in September. August prices dipped back to \$290-292ps ton fob on the last day of the conference.

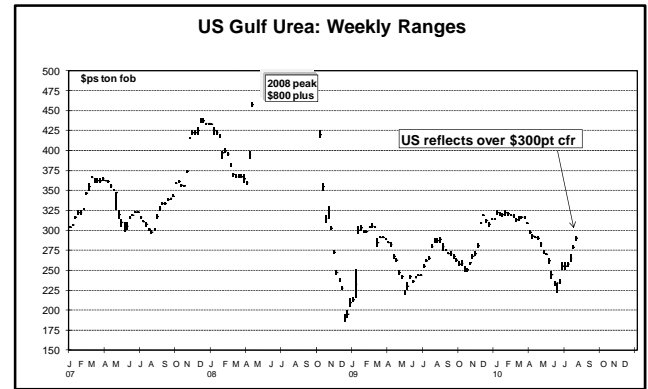
Despite this easing there is a squeeze for prompt loaded barges at the moment and CF has pushed commitments back due to loading of a UAN vessel for export. The Arkansas River has a 15 day lock closure from 28 August-12 September so buyers want to move product north before the closure. Thus, prompt loaded barges could still attract a premium and fetch close to \$300pst.

Prilled urea has sold in the high-\$280s ps ton fob. Ameropa is now in the freight market for 20,000t of prills Sibenik Croatia-US Gulf loading 8-10 August.

**Granular imports:** The import inflow of granular 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
S Arabia		60	Sep
Egypt	Trammo	50	Sep
Egypt	Gavilon	30	Aug/Sep
<b>Total</b>		<b>385</b>	
09/10 Identified Granular Imports into Gulf/ec from official statistics			
Month		'000t	R. Total
July-Sep		413	
<b>Difference</b>		<b>-28</b>	

Corn for September closed at \$3.80/bu on 28 July.



**Canada:** Inquiry is evident for granular urea for August shipment. However, buyers at the SW Fertilizer Meeting appeared prepared to wait for a drop in international prices before committing to new cargoes. Eurochem has been in the freight market for 25,000t ex-Klaipeda. Freight inquiries are also evident ex-Egypt.

### Latin America

**Brazil:** The drop in FSU prices has been matched by a sharp cut in offer levels of new cargoes of prilled urea for August shipment. Uralchem has sold a part cargo to Mosaic at \$275pt cfr Paranagua while Gavilon and others are reported to be offering around \$275pt cfr for August shipment. This reflects around \$240pt fob Yuzhnyy after freight and costs. Granular urea is also abundant and buyers are showing no interest in product quoted at \$295pt cfr and above.

**Mexico:** Nitron will load 24,000t of urea prompt in Yuzhnyy for Mexico. As reported earlier, Keytrade will ship a part cargo of Chinese granular with MAP to JCO at Guaymas.

**Argentina:** Further to last week, the Bunge inquiry for 22,000t of prilled urea was covered by Ameropa ex-St Petersburg. Bunge was also seeking 12-15,000t of granular urea.

## Urea Demand East

### Asia/Pacific Rim

**India:** The next tender for urea is expected to be held in second half August for deliveries through November.

**Pakistan:** TCP's 22 July tender was awarded to Trammo, 100,000t at \$287.89pt cfr. There are reports that a further 100,000t of urea could be required later.

**Bangladesh:** No new tenders have been announced.



**Sri Lanka:** The next Ministry tender is in first half August for 24,000t of urea for December delivery. Swiss has 72,000t to supply under earlier awards.

**Thailand:** Buyers are bidding in the mid-\$280s pt cfr for granular urea for August shipment. Offers are over \$290pt based on latest Indonesian and Chinese prices. The major importers are quoting at \$290pt cfr equivalent in the local market which is helping to keep a lid on fresh import interest.

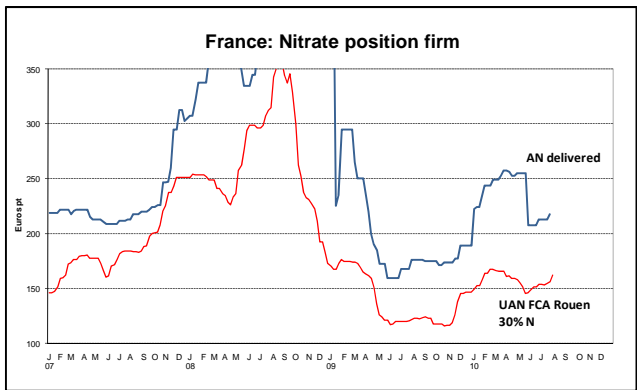
Urea imports were just 173,000t in June, down 40% on June 2009. The first half total, while large, was down 10% on 2009 at 1.24m. tonnes.

Asia: Urea Imports 2010		
Country	Kt	Remarks
India	1800	April onwards arrival
S Korea	368	Jan/June, even
Thailand	1240	Jan/June down 10%
Australia	628	Jan/May up 83%
New Zealand	175	Jan/May up 65%

## UAN SOLUTIONS

Piecemeal producer selling in the USA coupled with uncovered demand in France have combined to maintain the bullish run in UAN over the past week. Prices have run up in both markets with the US at \$220-225pt cfr equivalent and France heading well above Euros 160pt FCA. Indeed, new export offers from Romania reflect as high as Euros 180pt for 30% N and French prices are expected to continue heading in that direction over the coming weeks.

On the supply side there is no sign of immediate relief for buyers with Lithuania and Poland inactive. Production problems are also reported at the UAN plants in Piesteritz, Lovosice and Duslo Sala in Central Europe adding to the overall feeling of market tightness.



**USA:** UAN prices have raced on to \$200-210ps ton fob for September. The talk of the SW meeting was the new and more controlled forward selling strategy of CF Industries. This has proven very price positive with the opening refill price of \$155ps ton fob and subsequent levels limited to small volumes. This has left many buyers, who ended June with low tank inventory unable to restock the volumes normally secured in Q3. CF meanwhile is sold out for August.

Harvester has a vessel fixed on subjects to load 36,000t of UAN in Novorossisk for 2-3 ports US east coast.

**Canada:** Trammo has fixed a vessel in the low-\$30s pt to ship 35,000t of UAN from Yuzhnyy/Black Sea to Canada.

**France:** UAN 30 prices have risen sharply with bids now at Euros 160pt FCA Rouen (30%) and one sale confirmed over this level. There are few offers in the market with some suppliers having withdrawn. Demand is expected to remain firm through August/September as only 40-45% of the projected 2010/2011 import demand is covered compared with 60-65% at the end of July 2009.

Trammo has fixed a vessel around \$20.50pt to load 19,000t of UAN in Romania in August for Rouen.

**Argentina:** Bunge is in the market for a cargo of UAN for August shipment. Inquiry for around 60,000t of UAN is anticipated for August shipment.

**Australia:** CSBP closed an inquiry 29 July for 25,000t of UAN for second half September/October arrival. Rates ex-Black Sea were quoted in the low to mid-\$50s pt.

**Baltic:** 25,000t of Acron UAN were committed to the US ec for August at \$185pt fob, around \$220pt cfr. Nitron has fixed a vessel around \$50pt to ship 22,000t of UAN to Stockton/Port Humene, US west coast. Grodno is expected to have a cargo available in August.

**Romania:** UAN is being offered for September at over \$210pt fob. One sale has been made close to \$210pt.

**Ukraine:** Cherkassy is due to restart UAN production around 10 August and is targeting \$205pt fob for a September cargo.



## NITRATES/SULPHATE

AN prices appear to be easing back with more prompt tonnage sold into Turkey at \$205pt fob Black Sea and Brazilian buyers bidding at levels reflecting well below \$200pt fob. Amsul is still firm with latest sales of small lots of FSU material made over \$125pt fob.

**Turkey:** A cargo of Russian AN has been sold to a buyer for Iskenderun at \$227pt cfr including 180 days, reflecting sub-\$205pt fob.

**Black Sea:** Cherkassy has sold a small lot of amsul around \$127pt fob and is quoting higher for additional tonnage.

**Brazil:** Buyers are indicating lower levels for AN and prices are down from the \$245pt cfr peak reported last week. How much lower is difficult to judge with unsold tonnage on floating vessels attracting bids even well below \$230pt cfr. Indeed, one liquidation of product close to Brazil has been made sub-\$225pt cfr. The problem facing sellers is not a lack of demand but rather the fact that importers need time to obtain import licences from the military. This has created short-term difficulties for companies with unsold product approaching Brazilian ports.

**Vostochny:** Citco has yet to offer amsul for August shipment. It is reportedly aiming for over \$130pt fob.

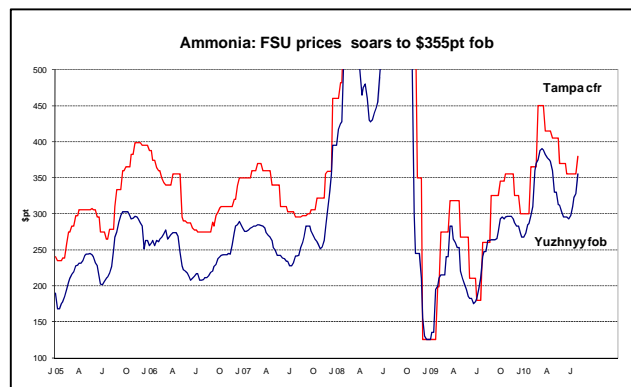
**South Korea:** Capro Corp. is quoting \$130pt fob for amsul for Asia. Product has been on offer for non-Asian destinations at \$108-109pt fob. Trammo has been in the freight market for a vessel to load 25,000t for Brazil.

**Malaysia:** Bids for amsul are around \$140pt cfr.

## AMMONIA

Further huge price gains have been evident over the past week. As expected Tampa was settled for August up \$25pt at \$380pt cfr while a similar gain was noted in Yuzhnyy with product sold for August shipment at \$355pt fob. This would reflect over \$400pt cfr Tampa for September arrivals and close to \$400pt cfr NW Europe.

Middle East prices are also firm with \$320pt fob paid for Iranian product for August shipment, albeit only \$5pt above last done. The widening differential with FSU material could conceivably attract Middle East product west of Suez if Asian buyers are unwilling or unable to pay up in the weeks ahead.



**Yuzhnyy:** Ammonia has been sold up to \$355pt fob for August shipment. Virtually all tonnage available for the month has been placed including the extra output from Gorlovka where one line has now restarted. The line up below indicates that just one cargo will head to the USA.

### Yuzhnyy line up August

Load	Vessel	Kt	Dest	Shipper
1-10	Marigola	12	Turkey	Balderton
1-10	Nijinsky	15	Turkey	Trammo
1-10	C Mars	40	USA	Nitrochem
10-15	C Posh	40	Morocco	Nitrochem
10-20	Grouper	23	Tunisia	Nitrochem
10-20	Marigola	12	Turkey	Balderton
20-30	Nijinsky	15		Trammo
20-30	Marigola	12	Turkey	Balderton
20-30	Snapper	23		Nitrochem
20-30	Grouper	23		Nitrochem
<b>Total</b>		<b>215</b>		

**Ventspils:** Trammo has loaded the Brussels in Ventspils and Sillamae for NW Europe and will repeat the voyage in mid August. The destination may be Antwerp, possibly under an exchange with Nitrochem.

**NW Europe:** Latest prices paid for FSU product point to cfr levels approaching \$400pt cfr NW Europe.

**Morocco:** Nitrochem will ship 30,000t of ammonia to OCP in mid August on the Clipper Posh.

**Turkey:** Gemlik, Igsas and Toros have all requested offers for second half August shipments of ammonia. Prices look set to be massively higher than last done.

**Iran:** PCC has sold 23,000t of ammonia to Mitsubishi for end-August loading at \$320pt fob. The export programme for August is now five 23,000t cargoes, including two each for Trammo and Mitsui. PCC states that the Pardies 2 urea unit is running and that



100% capacity utilization will be possible shortly. Thus, Iranian ammonia exports should be cut back sharply in September.

**India:** The FACT tender of 22 July for 7,500t of ammonia for early-August delivery resulted in an award to Qafco at \$360pt cfr, reflecting \$320-325pt cfr.

**Tampa:** The Tampa ammonia price for August was set at \$380pt cfr. Meanwhile the domestic market continues to rage on with buyers looking to secure

product for the upcoming fall season (expected to be good) at this week's SW Fertilizer meeting.

## PUBLISHER

**Profercy Ltd.**

**Email:** fertilizers@profercy.com

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, without the prior written permission of the Copyright owner.

© Copyright 2010 Profercy Ltd

## International Prices \$per tonne

<b>NITROGEN</b>	<b>29 July</b>	<b>22 July</b>
<b>Urea prilled bulk</b>		
Yuzhnyy fob	245-248	252-255
Baltic - St Petersburg fob	244-246	244-246
Baltic - Fast ports fob	244-246	245-250
Romania fob	265-270	270-275
Libya fob	245-248	245-250
Arab Gulf fob	265-270	270-275
China fob (7% tax)	261-263	263-265
Mediterranean cfr duty paid	270-275	275-280
Brazil cfr	275-278	280-285
EC Central America cfr	275-280	280-285
WC Central America cfr	280-285	283-288
India cfr	284-289	284-289
SE Asia cfr	283-288	285-290
<b>Urea granular bulk (spot)</b>		
Arab Gulf fob US cargoes	286-293	273-278
Arab Gulf fob non-US	268-275	270-275
<i>Arab Gulf full range</i>	268-290	270-278
Malaysia fob	270-275	270-275
China fob (7% tax)	275-277	270-275
SE Asia cfr	285-295	290-295
Egypt fob	283-287	277-280
Caribbean fob	280-290	275-285
US Gulf ps ton fob	290-293	277-281
US Gulf metric cfr equiv	311-318	298-303
<b>Nitrates</b>		
AN Baltic fob bulk	200-205	210-215
AN B Sea fob bulk	200-205	215-220
AN France E deld bulk	215-220	215-220
AN UK fot £ bagged	200-205	180-185
CAN Germany E cif blk	167-172	167-172
AN US Gulf ps ton fob	210-220	210-220
<b>UAN</b>		
UAN France E fot	160-162	155-157
US ec cfr	215-225	195-205
US ps ton fob Nola	200-205	175-180
UAN FSU fob B Sea	185-195	170-175
UAN Romania fob	205-210	180-185
<b>Am. Sulphate bulk</b>		
Black Sea fob (white)	120-125	110-115
Black Sea fob (standard)	90-100	85-90
Brazil cfr sight	140-145	140-145
SE Asia cfr	140-145	135-143
<b>AMMONIA</b>		
	<b>29 July</b>	<b>22 July</b>
Yuzhnyy fob	350-355	325-330
Arabian Gulf fob (spot)	320-330	315-330
NW Europe cfr duty free/pd	380-400	360-365
North Africa cfr	360-370	345-355
Tampa cfr	380	355
India cfr (spot)	340-360	340-365