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USA

US nitrogen prices and the Global perspective

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World/US Price Comparison

Product and origin	Cargo size metric tonne	Fob $mt	Freight $mt	cfr Gulf $mt	Equals $pst fob Gulf	Current Price $pst fob Gulf	Current US price - Import cost
Granular Urea							
Middle East	35,000	280.0	25.0	305.0	279.7	295.0	15.3
Venez/Trinidad	20-25,000	287.0	18.0	305.0	279.7		15.3
Egypt	25,000	290.0	25.0	315.0	288.8		6.2
China panamax	55,000	275.0	35.0	310.0	284.2		10.8
						Average delta	**11.9**
Prilled Urea							
Libya	20,000	255.0	25.0	280.0	257.0	290.0	33.0
Romania	25,000	270.0	30.0	300.0	275.2		14.8
Middle East	25,000	275.0	30.0	305.0	279.7		10.3
						Average delta	**19.4**
UAN							
Russia (Baltic)	30,000	210.0	25.0	235.0	216.2	205.0	-11.2
Romania	25,000	220.0	35.0	255.0	234.3		-29.3
Egypt	30,000	215.0	32.0	247.0	227.1		-22.1
						Average delta	**-20.9**
Ammonia						**$pt cfr Tampa**	
FSU	35,000	355.0	60.0	415.0		380.0	**-35.0**
Middle East	25,000	340.0	80.0	420.0			**-40.0**
						Average delta	**-37.5**

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

World Market Status

Product	Status	Remarks
Granular Urea	**Fim**	Granular urea is in tight supply. European demand is heavy due to strong nitrate and wheat prices. Egyptian product has sold at over $290pt fob for Europe. Middle East product is being shipped West with a cargo sold at $280pt fob for Nigeria and a similar level achieved for a 45,000t shipment to Brazil.
Prilled Urea	**Fim**	FSU urea has sold at $253pt fob Yuzhnyy and producers are now targeting $260pt fob for September. Plant closures are planned in Ukraine for September which will keep the position tight.
UAN	**Fim**	Romanian UAN has sold this week at $220pt fob for September and further price gains are assured. French prices already reflect over this level. Argentina is also in the market for multiple cargoes while the US continues firm - inland numbers reflect over $200ps ton fob Gulf.
Ammonia	**Fim**	The Middle East price has risen to $340pt fob this week. FSU prices have moved on to approach $370pt fob Baltic and further gains are expected. The next Tampa price (for September) is expected to be well over $400pt.

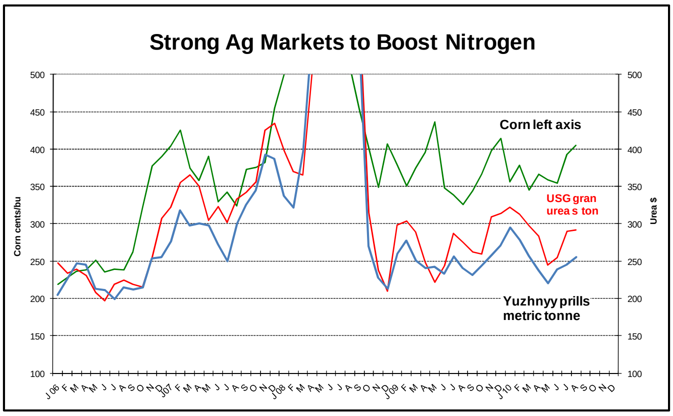
Urea

Outlook positive for suppliers

Positive news on a number of key fronts has emerged over the past few days, all of which points to higher prices for urea in the short term and, more significantly, a general price uptrend through the balance of 2010.

- Grain prices have continued to advance with wheat continuing its strong run and corn over $4/bu.
- Gas prices have been increased in Ukraine raising the breakeven for both ammonia and urea.
- Buyers are becoming increasingly aware that stocks are at low levels in major markets, North America, Europe and Latin America.
- Major increases in European nitrates prices are expected which will support urea.
- UAN and ammonia prices are surging upwards with the former now reflecting over $300pt fob Black Sea for urea.
- The new Pardis urea plant in Iran is down following an explosion. Further, moving Iranian urea is expected to be very difficult in the months ahead due to sanctions.

With sentiment changing, prices have moved up in key export areas. In Yuzhnyy prilled urea has been sold for August shipment at $253pt fob, up $8pt since Monday. In Egypt, granular urea has sold just above $290pt fob for shipment to Europe – France is already paying over $290pt fob equivalent.



Markets East of Suez have yet to react. However, with more Middle East product moving West (at up to $280pt fob) as well as US shipments under way, it is hard to imagine that prices in Asia will not increase. Thus, although Chinese prilled prices dipped as low as $260pt fob this week, this was clearly the floor. Certainly, no other major origin will compete at equivalent levels in upcoming business in India, Bangladesh and Southeast Asia.

US Gulf: Granular urea prices are moving up again, $295ps ton fob is being offered for August while $297ps ton fob has been paid for September.

As reported last week, the Arkansas River has a 15 day lock closure from 28 August-12 September so buyers are keen to move product north before the closure. Urea is also likely to benefit from some switching out of ammonia. Meanwhile, the increase in agricultural commodity prices plus the fact that imports are not massive is increasing optimism over price prospects for Q4.

Prilled urea is on offer at levels in line with granular. Ameropa has 20,000t booked to load in Croatia and there is interest in Romanian product for August shipment. Libya is committed through September.

Granular imports: Qafco will ship three cargoes to the US loading August/September. Koch is seeking a vessel to load 25,000t in Venezuela for Wilmington mid August. Planned/known shipments are listed below:

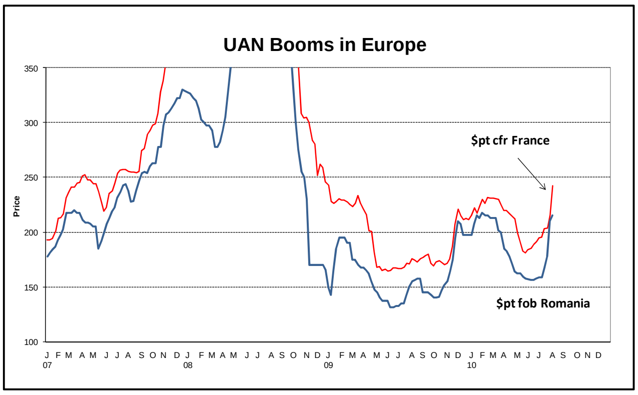
US Gulf/ec Projected Gran Urea Imports			
Origin	**Shipper**	**'000t**	**Arrival**
S Arabia		60	Aug/Sep
Trinidad		50	Aug/Sep
Venezuela	Koch	50	Aug/Sep
Kuwait	Gavilon	40	Sep
Qatar		90	Sep
S Arabia		60	Sep
Egypt	Trammo	50	Sep
Egypt	Gavilon	30	Aug/Sep
	Total	**440**	
09/10 Identified Granular Imports into Gulf/ec from official statistics			
Month		**'000t**	***R. Total***
July-Sep		413	
	Difference	**27**	

UAN

Price boom continues

UAN prices continue to appreciate with the USA, France and Argentina all active. No extra supply is being tempted into the market and Romania, Eurochem and Acron are now sold out through September. Traders have booked Romanian product for September close to $220pt fob while a Russian cargo has been sold for end September at $213pt fob.

France: UAN 30 prices have boomed over the past week with business concluded at Euros 185pt FCA Rouen for September, reflecting over $220pt fob Romania. Koch and Helm are offering limited volumes. Litfert is reported to be offering Lithuanian UAN for October/November. This material is absent for Q3 as Achema's complex is not running UAN.



Ammonia

Prices surge

Ammonia prices are moving up sharply. In the Middle East product has been sold for first half September shipment at $340pt fob while in the FSU $360-367pt fob has been paid for August tonnage in Ventspils. Yuzhnyy is committed for the month with 285,000t scheduled to load. The next prices are likely to be above $360pt fob.

In Europe contract formula prices are heading over $415pt cfr while in the USA the expectations are that the next Tampa price will be well in advance of $400pt cfr.

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