



PROFERCY USA

US nitrogen prices and the Global perspective

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13 August 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	290.0	25.0	315.0	288.8	305.0	16.2
Venez/Trinidad	20-25,000	308.0	18.0	326.0	298.7		6.3
Egypt	25,000	310.0	25.0	335.0	306.9		-1.9
China panamax	55,000	290.0	35.0	325.0	297.8		7.2
						Average delta	6.9
Prilled Urea							
Libya	20,000	280.0	25.0	305.0	279.7	300.0	20.3
Romania	25,000	300.0	30.0	330.0	302.4		-2.4
Middle East	25,000	290.0	30.0	320.0	293.3		6.7
						Average delta	8.2
UAN							
Russia (Baltic)	30,000	215.0	25.0	240.0	220.7	205.0	-15.7
Romania	25,000	230.0	35.0	265.0	243.4		-38.4
Egypt	30,000	225.0	32.0	257.0	236.1		-31.1
						Average delta	-28.4
Ammonia							
FUS	35,000	355.0	60.0	415.0		\$pt cfr Tampa 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	Firm	The positive factors that hit the market late last week have stimulated huge interest in granular urea in the West. Egyptian prices have raced on to \$310pt fob done with \$315pt fob bid. Chinese and Middle East prices have also run up to \$290pt fob with product essentially pointed at markets away from Asia.
Prilled Urea	Firm	Purchasing by FCI to keep its grain terminals busy combined with general market bullishness has resulted in a massive \$35-40pt one-week gain in prilled urea prices in the Black Sea. Chinese prices have also gained ahead of the Indian tender on 17 August.
UAN	Firm	French UAN prices have continued to climb and now reflect \$230-235pt fob Romania, one of the few major sources available for this market, has sold product for September at \$230pt. US prices are firm while spot demand is also evident from Canada and Argentina..
Ammonia	Firm	Ammonia prices have been on hold this week prior to the main negotiations for September tonnage starting next week. Further price gains are foreseen with demand at high levels worldwide



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Urea

2008 revisited

It has been a wild week in the urea market, reminiscent of 2008. The flurry of price-positive news from last week (grains, Ukraine gas and Iranian shutdowns) and an Indian tender has propelled prices upwards in spectacular fashion.

Producers have witnessed a buying frenzy from traders, in part to cover short sales and also to switch to the long side. The main impact of this has been felt in Yuzhnyy with product confirmed sold at \$283-290pt fob – up \$30-37pt on last week. In other areas:

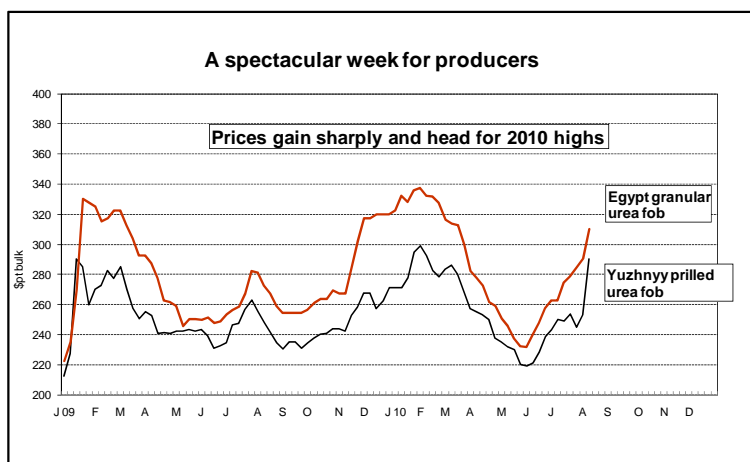
- Middle East prices have risen to \$290pt fob
- Chinese granular has sold at \$290pt fob and prills at over \$275pt fob
- US granular prices are over \$300ps ton fob Gulf
- Egyptian urea has been sold at \$310pt fob and bids have now risen to \$315pt fob

The expected nitrate price increases in Europe will lend support to granular urea ex-Egypt although the market is slightly wary of the latest downturn in the value of the Euro against the US dollar. Countering this, the latest USDA report was positive for wheat, corn and soybeans and futures prices rose immediately as a result.

As yet most major buyers around the world have not come to terms with the new reality and have not paid anywhere near replacement values. However, to secure material for September shipment significant concessions will need to be made as it is clear that prices will not weaken in the short term. Further, even if the extent of the current upturn is exaggerated and a correction does occur at some point, it appears that the nitrogen slump is over. From now through first quarter 2011 the general price trend should be up as: stocks are not high in most major markets; demand is expected to recover (higher grain prices); and no new production is due to come on stream.

US Gulf: Granular urea prices are heading towards the early 2010 highs of \$325ps ton fob. This week August barges have sold at \$305ps ton fob and are now put at \$305-308ps ton fob. \$305ps ton fob has also been paid for September.

The first Sabic vessel arrives 20-25 August. The cargo has been pre-sold with barges trading up to \$305ps ton fob.



CF Industries raised its urea price to \$320ps ton fob Donaldsonville for September/October. November and December are at \$315ps ton fob.

Strong grain markets, low imports, rising international prices and the need to position product prior to the Arkansas River lock closure (28 August-12 September) are underpinning the market. Ammonia and UAN are also playing a supporting role.

Prilled urea is on offer at levels in line with granular. Ameropa has 20,000t booked to load in Croatia and a Romanian cargo has also been booked for September shipment, possibly by Gavilon.

Granular imports: PIC Kuwait will load 35,000t of granular urea for CHS this month, the first cargo of a new contract. 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
Kuwait	CHS	40	Sep/Oct
Qatar		90	Sep/Oct
S Arabia		60	Sep
Egypt	Trammo	25	Sep
Egypt	Gavilon	30	Aug/Sep
Total		455	
09/10 Identified Granular Imports into Gulf/ec from official statistics			
Month		'000t	R. Total
July-Oct		699	



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Sabic, Qatar and PIC will also ship cargoes in September arriving October/first half November (140-180,000t). Venezuela and Trinidad will likely deliver 50,000t while some spot tonnage may also arrive if prices appear attractive.

Corn and wheat for September rose on 12 August following a positive USDA report forecasting lower grains production following droughts in Russia and elsewhere. Corn was at \$4.06/bu at presstime.

UAN

No end to price run up in sight

There has been no stopping the UAN market over the past week. Egyptian product has sold at \$225pt fob while a Romanian cargo for September has sold at \$230pt fob, \$10-15pt above last week. The French market is driving on with Euros 192pt FCA Rouen paid for 30% and Euros 195pt now asked.

Inquiry is still evident from Argentina and Canada while the US is firm. On the supply side, export shortfalls are in evidence due to technical problems in Trinidad.

France: UAN 30 is being offered at Euros 195pt FCA Rouen (around \$260pt cfr) and reflecting \$230-235pt fob Romania. Two Romanian cargoes were booked last week by Trammo and Koch for September shipment which may be for France. Interore also bought 10,000t in Egypt. Subsequently a further Romanian cargo has been booked at \$230pt fob. No Lithuanian product appears to be on offer.

For further details of

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