



# PROFERCY USA

*US nitrogen prices and the Global perspective*

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*Publisher of The Profercy Report*

03 September 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
<b>Granular Urea</b>							
Middle East	35,000	310.0	30.0	340.0	311.4	308.0	-3.4
Venez/Trinidad	20-25,000	308.0	18.0	326.0	298.7		9.3
Egypt	25,000	344.0	25.0	369.0	337.8		-29.8
China panamax	55,000	305.0	35.0	340.0	311.4		-3.4
						<b>Average delta</b>	<b>-6.8</b>
<b>Prilled Urea</b>							
Libya	20,000	285.0	25.0	310.0	284.2	295.0	10.8
Romania	25,000	300.0	30.0	330.0	302.4		-7.4
Middle East	25,000	300.0	30.0	330.0	302.4		-7.4
						<b>Average delta</b>	<b>-1.3</b>
<b>UAN</b>							
Russia (Baltic)	30,000	230.0	25.0	255.0	234.3	225.0	-9.3
Romania	25,000	240.0	35.0	275.0	252.5		-27.5
Egypt	30,000	235.0	32.0	267.0	245.2		-20.2
						<b>Average delta</b>	<b>-19.0</b>
<b>Ammonia</b>							
FSU	35,000	375.0	60.0	435.0		\$pt cfr Tampa 425.0	-10.0
Middle East	25,000	370.0	80.0	450.0			-25.0
						<b>Average delta</b>	<b>-17.5</b>

Notes: Prices quoted are spot. Freight rates are estimates. \* expected

World Market Status		
Product	Status	Remarks
Granular Urea	Firm	Huge nitrate price increases have been announced in Europe which will boost granular prices further over the coming days. Egyptian product has already sold at \$344pt fob, \$9pt up on last week, and should soon head over \$350pt fob. Middle East prices are also up with \$310pt fob paid for October tonnage.
Prilled Urea	Easing	FSU prices have recovered with the confirmation of payment for Black Sea shipments booked by a trader for September. Further, the sharp run up in granular prices is adding fuel to the fire and Black Sea prices will probably soon move over \$290pt fob.
UAN	Firm	French prices have gained to \$260pt cfr equivalent. As with urea, the major increase in solid nitrate prices is expected to maintain strong interest in UAN. Elsewhere, Argentina is in the market for spot tonnage while prices are moving up on the US east coast.
Ammonia	Firm	Following the \$45pt price increase in Tampa, ammonia prices have moved on with \$380pt fob paid for FSU product and an Iranian cargo sold at \$370pt fob, \$25pt up on last done.



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### Urea

#### About to boom worldwide

Confirmation that pre-booked Ukrainian urea will be lifted has allowed producers to raise prices for prilled urea again over the past few days. In latest news a cargo has been sold at \$285pt fob Yuzhnyy for September shipment, a \$5-6pt increase on earlier in the week. Other positive developments for producers have been:

- Egyptian granular urea has sold at \$344pt fob, \$9pt above last done. This is based on Europe, where the best returns are possible
- Middle East granular urea has sold at \$310pt fob for October shipment
- The US market has rebounded strongly with \$308ps ton fob reported paid and \$310-315ps ton fob Gulf offered.
- Indonesian prilled urea has been snapped up at \$283.50pt fob (90,000t)
- Chinese urea is fully booked apart from a few residual lots of prills. Loading delays are in evidence and there are signs that the post 15 October period will witness restrained exports due to production cutbacks.

From a demand standpoint the urea market is generally in good shape due to low stocks in major markets and high grain prices. Europe is paying up for granular urea – up to \$340pt fob Egypt in France, with the tight availability of nitrates a key supportive factor. Brazil, the main demand area in Latin America is active and prices there seem certain to

increase as buyers look to secure prilled and granular for Q4 delivery. In Asia, India is expected to re-enter the market shortly to cover October/November arrivals and will likely have to pay well above last done. The USA is also showing major signs of improvement although prices there will have to increase to attract more spot urea from offshore sources.

The events of the past few days, which have seen FSU prices bottom out in the mid-\$270s pt fob, continue to support the view that the price trend through balance 2010 and into 2011 will be up.

**US Gulf:** Granular urea for September has sold at an improved \$305-308ps ton fob. \$310-315ps ton is reported to be on offer for October with sales already reported in this range. The market is tightening up despite the increased inflow of product. Trammo was offering Chinese prills for October earlier in the week at \$305ps ton fob and Omani at a similar number but these offers may now have been withdrawn.

There have been no major additions to the import line up. While the volume due to arrive by end October is slightly above last year, the whole nitrogen market in the USA is in better shape with ammonia and UAN supporting urea.

### UAN

#### France at Euros 200pt

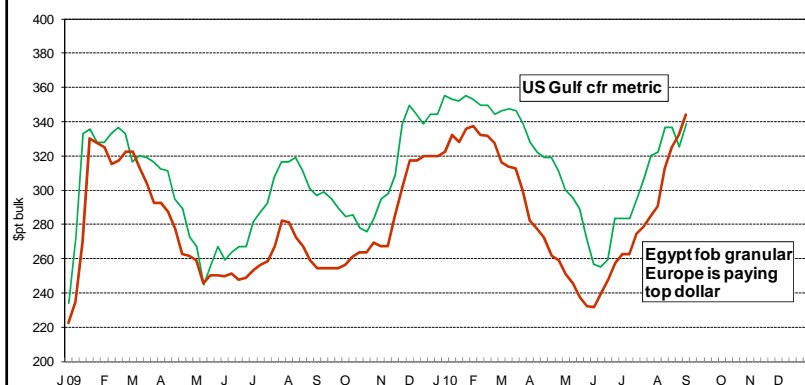
French prices are have risen to around Euros 200pt FCA Rouen (around \$260pt cfr for 32%). However, major buyers are resisting this level. Although still low by World standards, US prices are picking up with prices on the east coast heading for the mid-\$250s pt cfr. This reflects around \$220pt fob Baltic.

The key question is whether the French market has peaked for now. Some believe this to be the case following heavy purchasing in recent weeks. Also, offers for spring at Euros 210pt FCA have cast a slight cloud on future price prospects. Countering this, the huge Euros 50pt increase in AN prices announced on 3 September in France suggests that the whole nitrogen market is tight and that UAN will remain firm.

### Ammonia

Following the conclusion in Tampa last week at \$425pt cfr for September, ammonia prices have moved on. In the Baltic product has been sold at \$380-385pt fob while any

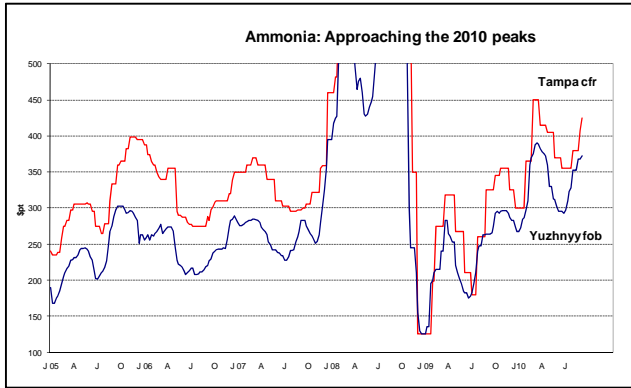
US market up, but still below Egyptian fob levels





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free Yuzhnyy tonnage for September would likely command over \$370pt fob. In the Middle East prices are also up sharply with \$370pt fob paid for an Iranian cargo for late-September loading.



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