



PROFERCY USA

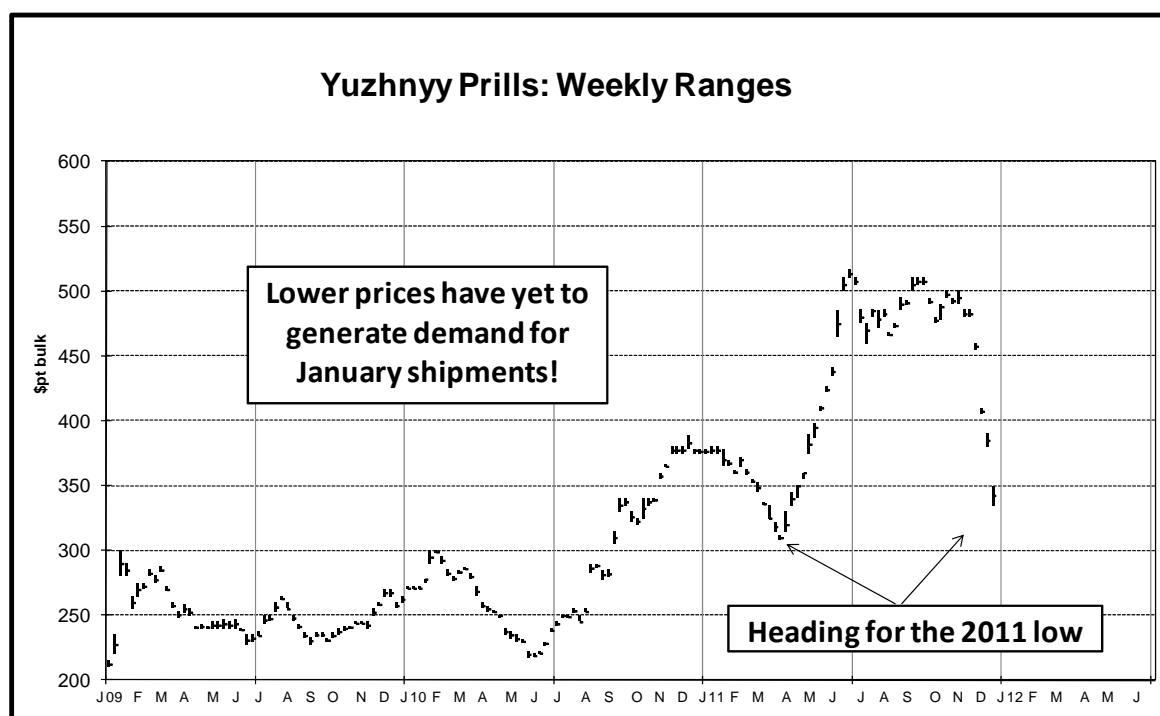
US nitrogen prices and the Global perspective

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16 December 2011		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	405.0	30.0	435.0	397.6	370.0	-27.6
Venez/Trinidad	20-25,000	390.0	20.0	410.0	374.9		-4.9
Egypt	25,000	375.0	28.0	403.0	368.6		1.4
						Average delta	-10.4
Prilled Urea							
Romania	25,000	375.0	32.0	407.0	372.2	370.0	-2.2
Middle East	25,000	410.0	40.0	450.0	411.2		-41.2
						Average delta	-21.7
UAN							
Russia (B Sea)	30,000	250.0	35.0	285.0	261.6	285.0	23.4
Romania	25,000	260.0	35.0	295.0	270.6		14.4
Egypt	25,000	262.0	32.0	294.0	269.7		15.3
						Average delta	17.7
Ammonia							
FSU	35,000	465.0	75.0	540.0		\$pt cfr Tampa 555.0	15.0
Middle East	25,000	460.0	95.0	555.0		Jan price	0.0
						Average delta	7.5

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





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Urea

No price support in sight

US Gulf: US Gulf: The price drop continues with December granular urea sold at \$370ps ton fob Nola and bids now at \$365ps ton fob. Low US prices are not attracting spot urea. However, the Gulf could end up a destination of last resort for product in Q1 if demand elsewhere does not improve.

On the export side, Keytrade has placed 6,000t of CF Industries urea into ec Mexico. Further export movement could occur.

Imports: OCI will ship one cargo to the US Gulf this month. Koch is in the freight market for 22-55,000t to load 22-27 December in Venezuela for Wilmington.

US Gulf/ec Projected Gran Urea Imports 2011/12			
Origin	Shipper	'000t	Arrival
July actual		164	
Aug actual		278	
Sep actual		261	
Oct actual		318	
Indonesia	Yara	25	Nov
Oman		50	Nov
Venezuela		40	Nov
Trinidad		40	Nov
Egypt	Trammo	30	Nov
Kuwait	CHS	40	Nov
S Arabia		60	Nov
S Arabia	CHS	40	Nov/Dec
Oman	Toepfer	45	Nov
Egypt	Gavilon	30	Nov
Kuwait	CHS	40	Dec
Kuwait	Gavilon	40	Dec
S Arabia		60	Dec
Russia		60	Dec
Trinidad		25	Dec
Venez		25	Dec
	Total	1671	
	J -D 2010	1861	
	Difference	-190	

Corn prices: At presstime corn for March was at \$5.79/bu and September 2012 at \$5.64/bu.

UAN

Market under pressure

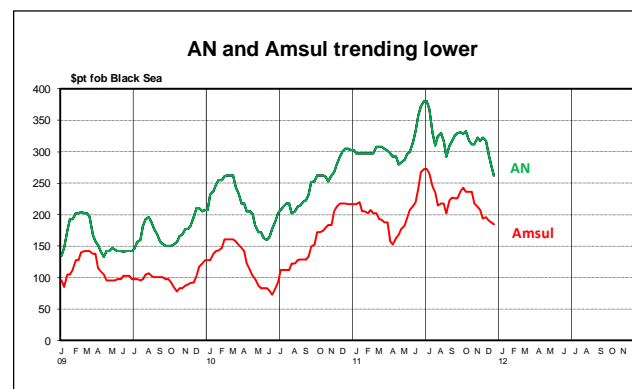
UAN prices are down across the board. The French price has slipped to \$290pt cfr while in the US Gulf urea points to an UAN price around \$260ps ton fob, well below last done. The slump has taken a toll on European production with Lithuania opting to cut

output sharply in second half December. However, this supply side adjustment does not address the market's main problem, a lack of demand. Further price reductions seem assured.

Nitrate/sulphate

Weak, but holding up more than urea

AN prices have dipped to \$260pt fob in the Black Sea this week with sales made to India and Turkey. Suppliers are looking to hold the line at \$260pt fob but the bearish mood in the urea market is not helping. Amsul dipped to \$180pt fob Black Sea before moving back to around \$190pt fob for one sale to Asia. Indonesian demand for amsul ex-Black Sea has been strong (3 cargoes sold) due in part to caprolactam production cutbacks in China/S Korea limiting supply in the region. The same is also happening in Europe with caprolactam production cut in Belgium/NW Europe generally.



Ammonia

FSU product afloat unsold

The ammonia market is in dire straits. Matching the position of December 2008, albeit at much higher market levels, product is afloat unsold with seemingly no immediate hope of finding a home. The price trend is sharply down, with the latest sales in Yuzhnyy reported at \$460-470pt fob.

The price slippage and, more importantly, containment problems, will like hit production. OPZ is reported to have decided to close one line at Yuzhnyy and Russia's Togliatti is expected follow suit. In Northern Europe Lithuania has already decided to shut one line in second half December.

In the Middle East prices have also crashed this week with \$460pt fob paid for a spot cargo for end-December shipment. This follows last week's incursion of FSU ammonia into India.



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