



PROFERCY USA

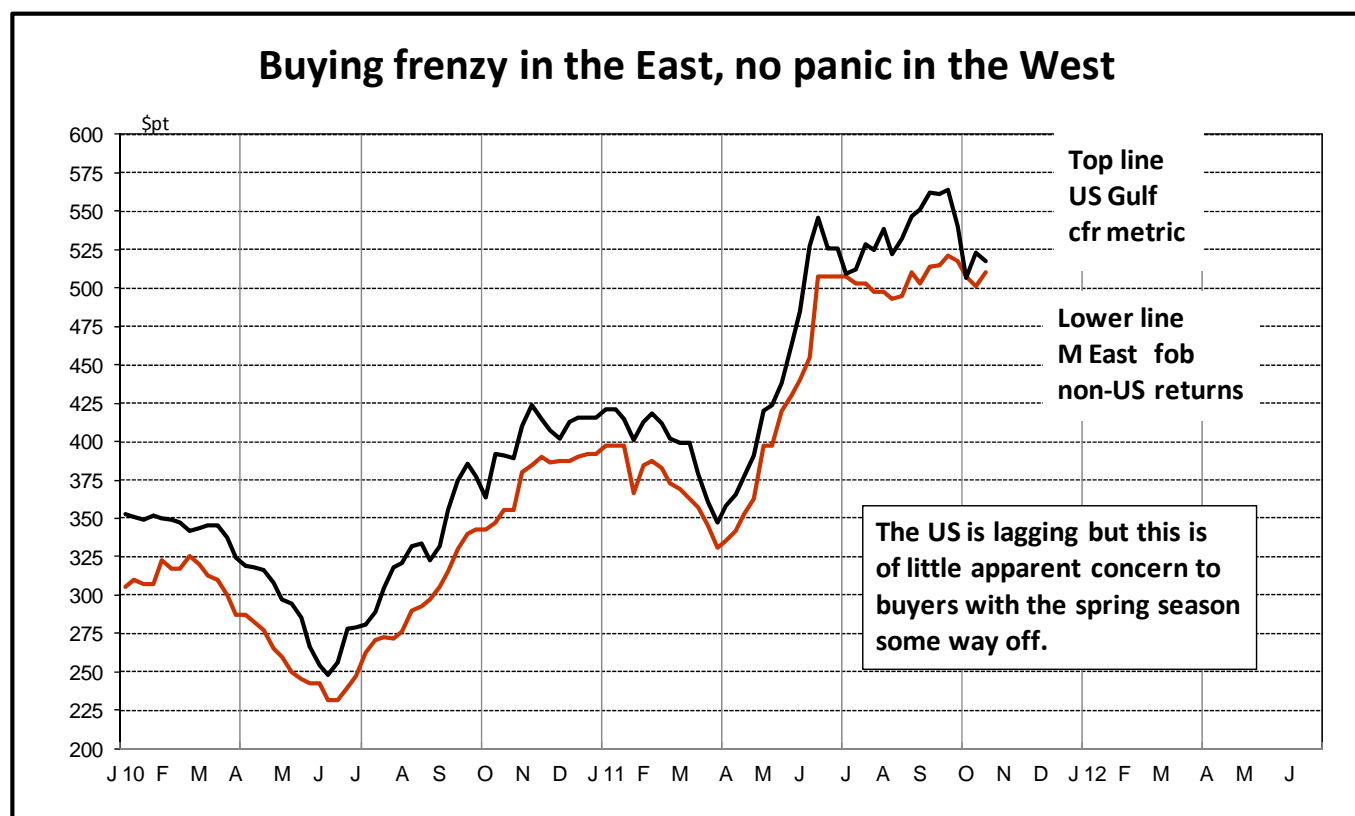
US nitrogen prices and the Global perspective

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Publisher of The Profercy Report

21 October 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	505.0	35.0	540.0	492.9	472.5	-20.4
Venez/Trinidad	20-25,000	497.0	20.0	517.0	472.0		0.5
Egypt	25,000	506.0	28.0	534.0	487.4		-14.9
Average delta							-11.6
Prilled Urea							
Romania	25,000	490.0	32.0	522.0	476.6	472.5	-4.1
Middle East	25,000	505.0	43.0	548.0	500.1		-27.6
Average delta							-15.8
UAN							
Russia (B Sea)	30,000	330.0	35.0	365.0	334.1	345.0	10.9
Romania	25,000	330.0	35.0	365.0	334.1		10.9
Egypt	25,000	335.0	32.0	367.0	335.9		9.1
Average delta							10.3
Ammonia							
FSU	35,000	625.0	70.0	695.0		\$pt cfr Tampa 650.0	-45.0
Middle East	25,000	600.0	90.0	690.0		Oct price	-40.0
Average delta							-42.5

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





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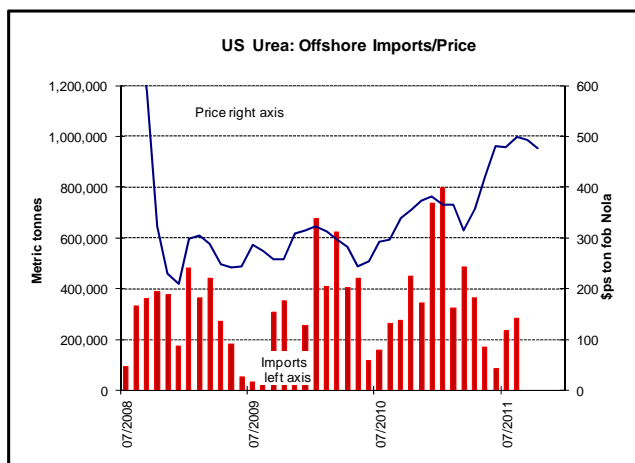
Urea

US market lagging, dealer demand absent

Granular urea prices are put at \$470-473ps ton fob Nola with \$470ps ton having traded earlier in the week. While low by international comparisons there is no dealer demand evident to move prices higher. A number of vessels are due to arrive through 1 November including cargoes from Sabcic, Yara ex-Indonesia and Qatar and Toepfer ex-Oman.

Further out the import line up is not heavy (see below) and contract cargoes alone will not satisfy US demand for first half 2012. However, while this may point to a tight period ahead, too often in the past the market has hit importers hard. This implies caution will remain the watchword among importers unless a real bull run in the international market appears to be in prospect.

Urea imports were 424,000t in August, marginally ahead of August 2010. The July/August total was also in line with 2010 at 757,000t. However, the overall figures mask a change in origin make up with Canadian deliveries down from 333,000t to 242,000t and imports from offshore up from 427,000t to 516,000t.



Logically, the big months should lie ahead for US imports as over the four months December 2010-March 2011 total imports were 2.8m. tonnes. Of this Canada supplied 0.5m. tonnes and offshore suppliers 2.3m. tonnes

Imports of granular into the Gulf/east coast July 2010-March 2011 were around 3.2m. tonnes. To date Profercy estimates that 1.3m. tonnes have been imported or lined up through November arrival leaving, potentially, up to 1.9m. tonnes to be

shipped. Contract cargoes alone will not cover this quantity.

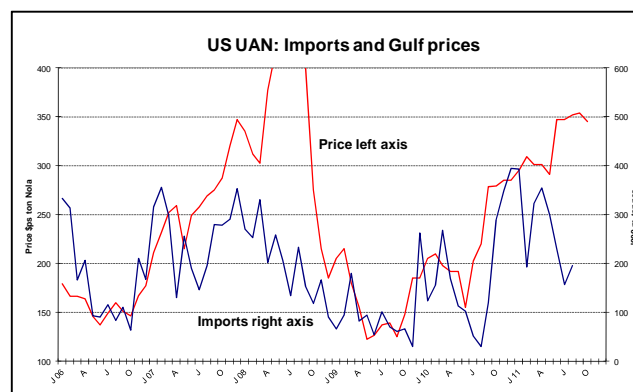
Last year too much arrived in December/January (over 1.2m. tonnes) which, coupled with a delayed season, brought prices crashing down from \$380ps ton fob Gulf to \$320ps ton during Q1. The Q1 disappointment for sellers is leading to more caution over the US this time around and traders are less inclined to take risks shipping spot cargoes, particularly at today's elevated international price levels. If this continues, it follows that less could arrive in Q1 2012.

UAN

Market slow in Europe and US

The UAN market is broadly inactive. US prices are soft while France is slow. There was little interest shown in this week's Egyptian sales tender and another attempt to sell will take place next week. Black Sea prices are down with Romanian product put around \$330pt fob. However, prices are largely untested.

UAN is put around \$345ps ton fob in the Gulf with activity limited. On the east coast, prices are put at around \$370pt cfr. Levels in the mid-\$360s pt would probably be viable for product moved to the eastern corn belt.



UAN imports were 196,000t in August versus 30,000t last year. The January-August total was 2.15m. tonnes, 73% ahead of 2010.

Ammonia

Questions over second half November

While tight for first half November, improved production in Ukraine has brought price rises there to a halt. Product for second half November is being offered around \$630pt fob, \$20pt down from the peak levels paid earlier.



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The reduction comes at a good time for Tampa buyers. Had the \$650pt fob Yuzhnyy solidified, levels well above \$700pt cfr may have been asked for November. This now seems unlikely.

Nonetheless, Trinidad's problems with gas shortages continue and there is no firm news on when supplies may be restored to full levels. This will be supportive of prices at least through November.

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