



# PROFERCY USA

*US nitrogen prices and the Global perspective*

[fertilizers@profercy.com](mailto:fertilizers@profercy.com)

*Publisher of The Profercy Report*

19 March 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	44.0	354.0	324.1	316.0	-8.1
Venez/Trinidad	20-25,000	315.0	25.0	340.0	311.4		4.6
Egypt	25,000	312.0	30.0	342.0	313.3		2.7
China panamax	55,000	325.0	40.0	365.0	334.1		-18.1
						<b>Average delta</b>	<b>-4.7</b>
<b>Prilled Urea</b>							
Libya	20,000	277.0	30.0	307.0	281.5	325.0	43.5
Romania	25,000	290.0	35.0	325.0	297.8		27.2
Middle East	25,000	307.0	47.0	354.0	324.1		0.9
						<b>Average delta</b>	<b>23.8</b>
<b>UAN</b>							
Russia (Baltic)	30,000	200.0	30.0	230.0	211.7	212.0	0.3
Romania	25,000	210.0	35.0	245.0	225.3		-13.3
Egypt	30,000	205.0	32.0	237.0	218.0		-6.0
						<b>Average delta</b>	<b>-6.3</b>
<b>Ammonia</b>							
FSU	35,000	390.0	60.0	450.0		\$pst cfr Tampa 450.0	0.0
Middle East	25,000	380.0	80.0	460.0			-10.0
						<b>Average delta</b>	<b>-5.0</b>

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

World Market Status		
Product	Status	Remarks
Granular Urea	Stable/weak	While stable for now, the outlook for April is not positive for suppliers. Middle East prices are under pressure with Iran prepared to sell at \$287pt fob to move prompt tonnage and other suppliers expecting reductions. Egyptian granular prices are holding for now but lower prices are envisaged in April as European demand slows forcing product east.
Prilled Urea	Weak	FSU prilled prices have retraced over the past week. Bids are below \$280pt fob while sales have been made at \$280-283pt fob. If FSU product needs to compete in upcoming Asian demand, prices well below \$270pt fob seem necessary to gain orders.
UAN	Weak	Egypt's sales tender for a late-March cargo brought a sharp 8% drop in prices to \$205pt fob. This points to well below \$200pt fob for Russian product that does not have access to Europe. US prices remain flat with the Gulf becalmed at \$210-215ps ton fob.
Ammonia	Stable/soft	Ammonia is turning the corner with improved supply from the FSU pointing to major price correction in April. The next Tampa price will likely be lower than the March settlement at \$450p cfr.



## The Profercy USA Report

### Urea

#### FSU prices reverse as rally runs out of steam

FSU urea prices have eroded again this week with demand from Latin America, Turkey and Europe at low levels. Prices have dipped to the low-\$280s pt fob Black Sea for Ukrainian with Russian product sold at \$278pt fob. Further, traders have covered their short sales for March shipment which leaves a yawning gap in inquiry for April. In Egypt, granular has again sold at \$312pt fob for March shipment but, as is the case in the Black Sea, there has been no appetite to pay this price for April.

In the Middle East April is also shaping up to be a more testing month. Shipments to the USA will have ended while Thailand is also in a slow phase. On the supply side Iranian and Omani tonnage will likely compete hard for business in upcoming Indian subcontinent inquiries. Pakistan tenders 25 March for 125,000t and, while this is a significant volume, it may not be enough to compensate for a market in the East that increasingly needs India to buy. India is presently finalizing its buying of other nutrients and recent price developments in urea have not encouraged the government to rush. A tender is now expected first half April. The budget level set for urea of \$310pt cfr is low and reflects 290pt fob Middle East, sub-\$260pt fob Black Sea and sub \$280pt fob for Chinese urea. However, while negative, the target does compare favourably with the \$268-286pt cfr levels paid last year.

Whether India will be able to obtain such a low price is of course open to question. On the buyer's side is the fact that April is normally a month when demand for new shipments is at a low ebb worldwide. North America and Europe are generally inactive while it is too early for Brazil and Thailand to be inquiring for huge volumes. Thus, India could face little competition if it enters the market for April/May shipments. With regard to the USA, the slight rebound in Gulf barge prices witnessed last week has fizzled out. Granular is put at \$315ps ton fob with little confidence exhibited in the forward position. Moreover, it now appears possible that some extra spot tonnage could be shipped to the Gulf as potential returns exceed those in Europe.

**US Gulf:** It has been another flat week. Prompt barges are put at \$316ps ton fob Gulf and show no sign of upside as buyers do not believe that any shortage will emerge. The weather remains a problem with warmer, drier spring conditions yet to

arrive. Prills are being offered at \$330ps ton fob for prompt, \$323ps ton fob for second half April.

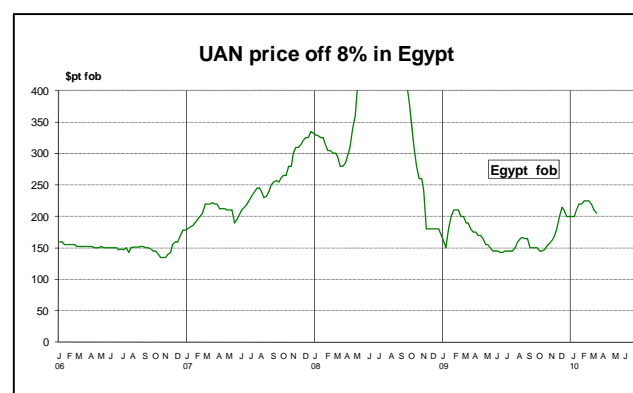
As time marches on, optimism among sellers that a further general price rally will be witnessed in the Gulf is fading.

As regards imports, Helm is the freight market for 30,000t of granular urea Egypt-US Gulf/ec Mexico loading second half March. Keytrade also has a vessel booked from Egypt for the Gulf (25,000t). On the prilled side, Gavilon has 20-25,000t fixed to load in Romania in April while a freight inquiry has also been circulating for 15,000t ex-Croatia.

### UAN

#### Egyptian price takes a hit

As expected, Egypt's latest sales tender brought a major price fall with the award \$17pt below last done. It reflects around Euros 165pt FCA Rouen before margin although the cargo may be shipped to Ghent. US prices are static at \$210-215ps ton fob Gulf, \$240-245pt cfr east coast.



### Ammonia

#### Next Tampa settlement expected to be lower

There is no major surplus of ammonia in the market at present. However, the general feeling is that prices have peaked and that, with more product expected to be available in April, prices will retrace. The next contract conclusion in Tampa could be settled at the end of next week with some betting on a rollover from March, others for a modest reduction. None appear to be counting on an increase.

In Asia Iran has ammonia to sell for April but is targeting a high and likely unattainable \$400pt fob. Fertil UAE also has a cargo as its urea unit is still running at 70-75% capacity. In Trinidad meanwhile, Koch is understood to have a cargo of MHTL



## The Profercy USA Report

ammonia to place as the UAN plant is not running at full capacity.

While the outlook for prices is less positive for suppliers the good news is that India should remain a heavy importer with phosacid deals concluded for Q2. Also, Iran's new urea plant could start up in May stemming the flow of excess product from Assaluyeh. However, despite this, the overall price tendency is expected to be down in April/May.

For further details of  
**The Profercy Report**  
contact: [fertilizers@profercy.com](mailto:fertilizers@profercy.com)

### **PUBLISHER**

**Profercy Ltd.**

**Email:** [fertilizers@profercy.com](mailto:fertilizers@profercy.com)

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, without the prior written permission of the Copyright owner.

© Copyright 2010 Profercy Ltd