



PROFERCY

US nitrogen prices and the Global perspective

USA

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

Publisher of The Profercy Report

06 March 2009		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	300.0	30.0	330.0	302.4	287.5	-14.9
Venez/Trinidad	20-25,000	295.0	15.0	310.0	284.2		3.3
Egypt	25,000	325.0	20.0	345.0	316.0		-28.5
Egypt panamax	55,000	325.0	15.0	340.0	311.4		-23.9
<b>Average delta</b>							<b>-16.0</b>
<b>Prilled Urea</b>							
Libya	20,000	275.0	25.0	300.0	275.2	275.0	-0.2
Romania	25,000	305.0	30.0	335.0	306.9	estimate	-31.9
Middle East	25,000	307.0	35.0	342.0	313.3		-38.3
<b>Average delta</b>							<b>-23.4</b>
<b>UAN</b>							
Baltic	30,000	185.0	32.0	217.0	199.9	200.0	0.1
Romania	25,000	190.0	42.0	232.0	213.5		-13.5
FSU	30,000	170.0	42.0	212.0	195.3		4.7
<b>Average delta</b>							<b>-2.9</b>
<b>Ammonia</b>							
FSU	35,000	240.0	60.0	300.0		\$pt cfr Tampa 275.0	<b>-25.0</b>
Middle East	25,000	250.0	75.0	325.0			<b>-50.0</b>
<b>Average delta</b>							<b>-37.5</b>

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

China's 110% export tax has blocked further exports of urea.

World Market Status		
Product	Status	Remarks
Granular Urea	Stable	European buying has scooped up more Egyptian granular for March at \$320-325pt fob, well ahead of possible returns in the US market. Venezuelan product is heading for Europe and Brazil under spot business, albeit at low returns (sub-\$290pt fob for Brazil). Globally, granular prices will ease in Q2, but too late for major shipments to the US to occur.
Prilled Urea	Stable/soft	FSU prices have held based on short-term covering in by traders for Mexico, Vietnam and Pakistan. However, this activity is virtually complete and the demand outlook for Q2 shipments remains poor. Any delay in Indian buying beyond April shipment would be negative for the market.
UAN	Stable/soft	The market is generally inactive with sellers reporting few if any inquiries for March/April tonnage. A Russian sale to Australia reflects an estimated \$170pt fob Black Sea, equivalent to \$215pt cfr US (around \$195ps ton). Major buyers in France are holding off awaiting price reductions.
Ammonia	Firm	Ammonia at major export points is heavily committed for March shipment. US prices are below replacement cost, but increased production in the US and Europe as Q2 approaches could limit further fob price gains.

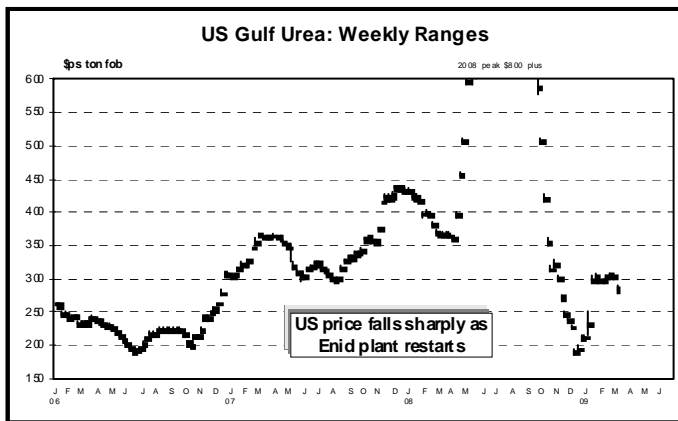


# The Profercy USA Report

## Urea

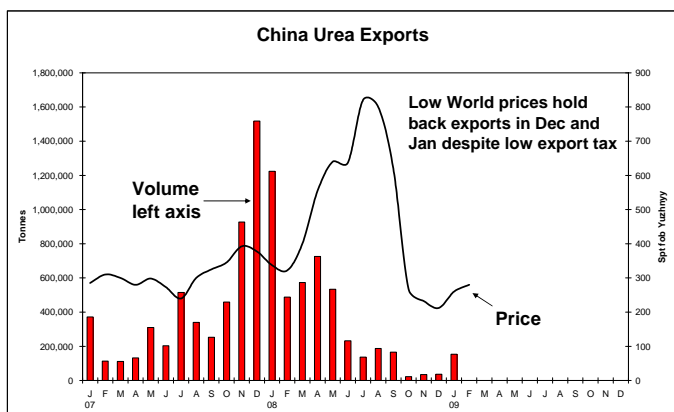
**USA:** Granular urea prices have fallen sharply over the past week. The move appears to have been triggered by the earlier than expected restart of Koch's Enid plant which is running at around 1,000st/d (capacity 1,600st/d). Following the restart the company posted \$325ps ton Enid, \$320ps ton Inola, reflecting \$300ps ton fob Gulf at best and became an active seller of barges with 15 sold at \$290ps ton fob. Following this, there have been unconfirmed reports of barge business concluded down to \$280ps ton fob.

The drop in prices has occurred despite USDA projections of 86m. acres being sown to corn this year and still healthy corn prices, around \$3.50/bu for March.



**Chinese urea exports:** The level of Chinese export activity is one of the major variables affecting World urea prices.

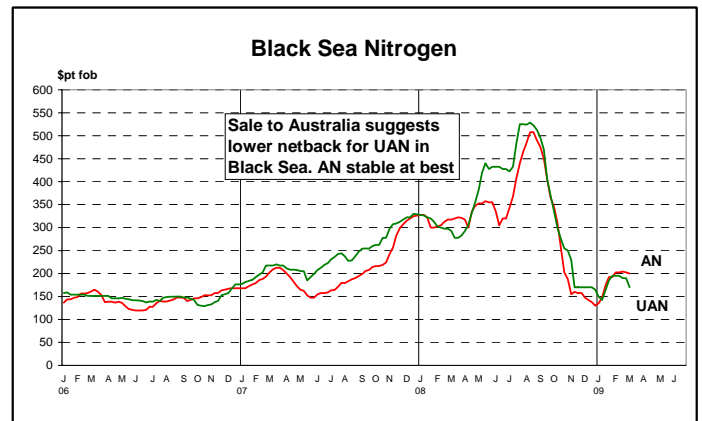
Chinese urea exports were 153,000t in January, down 87.5% on January 2007. The main receivers were: Philippines 34,000t, Bangladesh and Japan each 26,000t, North Korea 22,000t, Taiwan 14,000t and South Korea 11,000t. The large vessels scheduled for the USA (160,000t) did not complete until first half February.



The low level of exports in both December 2008 and January occurred despite the existence of a low export tax - just 10% (currently 110%). The slow outflow was largely owed to low international prices compared with the domestic market and, also, high production costs in China itself. The 10% export tax will be in effect again from 1 July but, as the experience of December/January illustrates, this does not itself guarantee that exports will be huge.

## UAN

UAN prices remain flat at best. There is an absence of new inquiry. The US is closed to new imports while in France tanks are full awaiting the first rush of major buying for spring.



## Ammonia

The ammonia squeeze continues. This week Ukrainian product held in the tanks in Yuzhnyy has sold up to \$250pt fob, a major increase on last done but still way too low to encourage Ukrainian plants to resume production (costs are over \$300pt). However, in the US, the improvement in ammonia market fortunes and a benign energy market has resulted in another plant restart with Terra resuming production at Donaldsonville.

Greater production in the US is not expected to upset the market during March as the major export points are committed (if not overcommitted in the case of the Black Sea). Lower energy costs and a switch away from imports are only likely to be a factor in Q2. This will also be the case in Europe where higher production is anticipated soon in the Netherlands to add to recent restarts in France and Italy (primarily for urea).

The above is extracted from the Profercy Report. For further details of this and other Profercy Services e-mail: [fertilizers@profercy.com](mailto:fertilizers@profercy.com)