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USA

US nitrogen prices and the Global perspective

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Product and origin	Cargo size metric tonne	Fob $mt	Freight $mt	cfr Gulf $mt	Equals $pst fob Gulf	Current Price $pst fob Gulf	Current US price - Import cost
Granular Urea							
Middle East	35,000	280.0	25.0	305.0	279.7	285.0	5.3
Venez/Trinidad	20-25,000	275.0	18.0	293.0	268.8		16.2
Egypt	25,000	292.0	20.0	312.0	286.0		-1.0
Egypt panamax	55,000	292.0	15.0	307.0	281.5		3.5
						Average delta	**6.0**
Prilled Urea							
Libya	20,000	252.0	25.0	277.0	254.3	290.0	35.7
Romania	25,000	280.0	30.0	310.0	284.2		5.8
Middle East	25,000	290.0	35.0	325.0	297.8		-7.8
						Average delta	**11.2**
UAN							
Baltic (Russian)	30,000	160.0	32.0	192.0	177.2	180.0	2.8
Romania	25,000	173.0	37.0	210.0	193.5		-13.5
FSU	30,000	160.0	37.0	197.0	181.7		-1.7
						Average delta	**-4.1**
Ammonia						**$pt cfr Tampa**	
FSU	35,000	265.0	60.0	325.0		318.0	**-7.0**
Middle East	25,000	270.0	75.0	345.0			**-27.0**
						Average delta	**-17.0**

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	**Weak**	Granular urea prices have held steady over the past week with Egypt at $290-295pt fob. Middle East prices remain untested but are expected to fall as May approaches. Thai prices are easing and interest in new tonnage is waning as importers aim to liquidate their stocks. In Europe, German urea is selling below levels possible today from Egypt.
Prilled Urea	**Weak**	The modest rebound in FSU prilled urea prices appears to be over. A tender in Taiwan this week resulted in an award reflecting $270pt fob Middle East although the product will be supplied from the FSU Far East. Competition from granular will likely hit prilled prices in May.
UAN	**Weak**	The market is in the doldrums with international demand virtually non-existent. Anti-dumping duty free Russian product sold to Europe over $180pt fob, but buyers in Spain are seeking levels well below $170pt fob Romania/Egypt for modest volumes.
Ammonia	**Peaked**	The ammonia market has moved from famine to feast. Demand in Europe has disappeared with the restart of capacity in the UK, the Netherlands and Germany.

The Proferty USA Report

US market remains becalmed

The post-USDA report pick up in corn prices to $4/bu for May has failed to ignite the granular urea market in the US. In the Gulf barge business activity is limited with prices nominally put around $285ps ton fob. Upriver there has been little movement of pre-booked product from many terminals and, as a result, barges are backed up awaiting discharge in some locations. In part this is due to dealers quoting high prices to farmers in an attempt to liquidate product booked at high levels in 2008. As a result, some farmers have been contacting producers direct to try to circumvent the dealer networks.

Another problem facing the market is cold wet weather which is threatening heavy flooding in the Midwest. This could affect fertilizer movement when the main rush begins.

Corn prices firmed in the wake of the USDA report with May at $3.95-4.00/bu and forward months for 09 over $4/bu.

As the table opposite illustrates, granular urea imports are still running well below year-ago levels. The deficit will not be made up as there is no enthusiasm among the trade to risk bringing in additional product that would likely miss the season. The main objective throughout the distribution chain appears to be to end the current fertilizer year with zero inventory. This is certainly not conducive to making up the import deficit.

Nitrate/sulphate prices down

While prilled urea prices ticked up slightly in the FSU, the absence of demand for other nitrogen products lowered producers' returns. Ammonium nitrate fell below $150pt fob Black Sea for the first time since May 2007 while ammonium sulphate prices crashed with the best bid for Russian product at $115pt fob. In Asia, amsul prices reflect well below $110pt fob Black Sea/Europe.

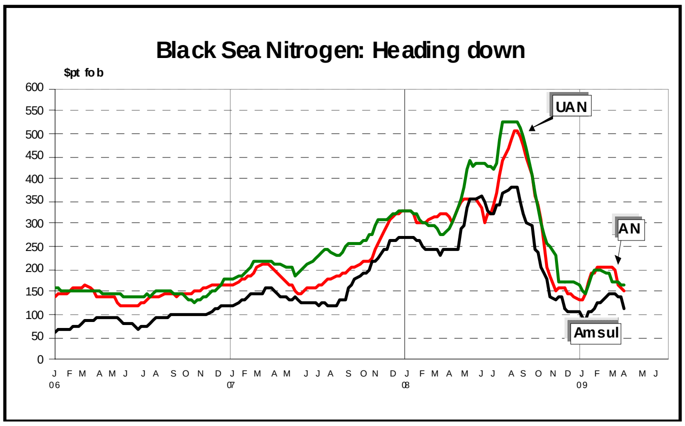
The general fall in World nitrogen values has prompted the closure of virtually all of Romania's nitrogen industry. Further closures/extended turnarounds are expected to be announced in high-cost areas during Q2. At this stage, it appears that supply adjustments offer the best chance of eventually bringing the nitrogen market back into balance.

US Gulf/ec Projected Gran Urea Imports

Origin	Shipper	'000t	Arrival
From customs data		**1907**	July-Jan
Reported/expected			
Qatar		45	Feb
Trinidad (assumed)		45	Feb
Venezuela (assumed)		45	Feb
China	Trammo	55	Feb
China	Gavilon	50	Feb
China	Mosaic	27	Feb
Egypt	Trammo	25	Feb
Egypt	Keytrade	8	Feb
Australia	Indagro	22	Feb/Mar
S Arabia		60	Mar
Kuwait/Bahrain		100	Mar
Qatar		45	Mar
Trinidad (assumed)		45	Mar
Venezuela (assumed)		45	Mar
China	Trammo	25	Mar
Kuwait		35	Apr
Trinidad (assumed)		45	Apr
Venezuela (assumed)		45	Apr
Qatar		45	Apr
Qatar		45	June
	Total	**2764**	

07/08 Identified Granular Imports into Gulf/ec from official statistics

Month	'000t	*R. Total*
July-Dec 07	1550	
January 08	633	*2183*
February	510	*2693*
March	335	*3028*
April	186	*3214*
Total	**3214**	



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