



PROFERCY USA

US nitrogen prices and the Global perspective

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24 April 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
Granular Urea							
Middle East	35,000	265.0	25.0	290.0	266.1	263.0	-3.1
Venez/Trinidad	20-25,000	267.0	18.0	285.0	261.6		1.4
Egypt	25,000	263.0	20.0	283.0	259.7		3.3
Egypt panamax	55,000	263.0	15.0	278.0	255.2		7.8
						Average delta	2.4
Prilled Urea							
Libya	20,000	242.0	25.0	267.0	245.2	265.0	19.8
Romania	25,000	265.0	30.0	295.0	270.6		-5.6
Middle East	25,000	267.0	35.0	302.0	277.0		-12.0
						Average delta	0.7
UAN							
Baltic (Russian)	30,000	150.0	30.0	180.0	166.3	163.0	-3.3
Romania	25,000	165.0	35.0	200.0	184.4		-21.4
FSU	30,000	150.0	35.0	185.0	170.8		-7.8
						Average delta	-10.9
Ammonia							
FSU	35,000	250.0	60.0	310.0		\$pt cfr Tampa 318.0	8.0
Middle East	25,000	280.0	75.0	355.0			-37.0
						Average delta	-14.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Weak	Egyptian granular prices have slipped to \$260-263pt fob this week. European interest has dwindled, in part due to lower nitrate prices, and, as a result movement to Asia is necessary. There, competition from Bangladeshi and Middle East product is evident, pushing prices down in Thailand. The outlook remain weak.
Prilled Urea	Weak	FSU producers are holding prices around \$240-245pt fob. However, traders cannot sell much at these levels. Further, cargoes have been liquidated in Brazil and Pakistan at levels reflecting \$235pt fob FSU at best. Competition from granular is expected to intensify in May.
UAN	Weak	The market is bereft of major inquiry. In Lithuania the poor demand outlook will result in a switch to urea production in second half May. An Australian inquiry next week is expected to bring a new move to export product from the US Gulf, adding to downward price pressure.
Ammonia	Peaked	Lower prices have been witnessed in India and Morocco, the latter sub \$250pt cfr. This points to a major drop in the Tampa price next week when May contracts are set to be concluded.



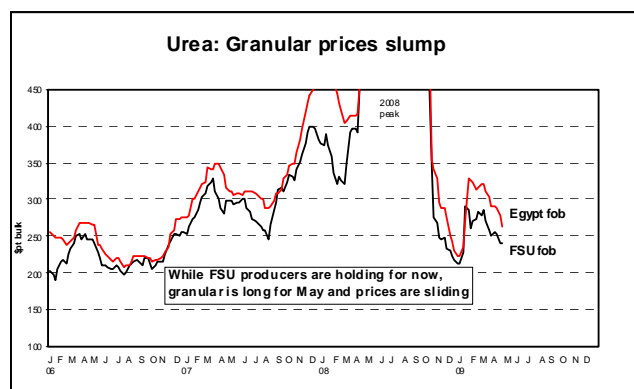
The Profercy USA Report

Granular urea prices dip

The overall tone of the market remains negative. Price erosion is evident in virtually all areas as producers battle to secure sales against a drab backcloth of slack demand. Unfortunately, there is still no confidence among buyers that current prices represent good value. As a result, buying remains both piecemeal and last minute in nature, which is not enough to enable producers to build healthy forward order books.

In latest business:

- FSU product has been liquidated by traders at levels reflecting sub \$235pt fob in some instances. Producers are not yet prepared to match these levels.
- Egyptian granular urea prices have slipped to \$260-265pt fob reflecting the lack of demand evident in Europe for May shipments.
- US prices are put around \$265ps ton fob Nola but demand remains minimal as the standoff between dealers and farmers continues.
- Latin American demand is evident but insufficient to support FSU prices at \$240pt fob bulk.
- In Asia, Thai prices for spot granular urea are now near \$290pt cfr bulk, reflecting \$270pt fob Middle East at best.



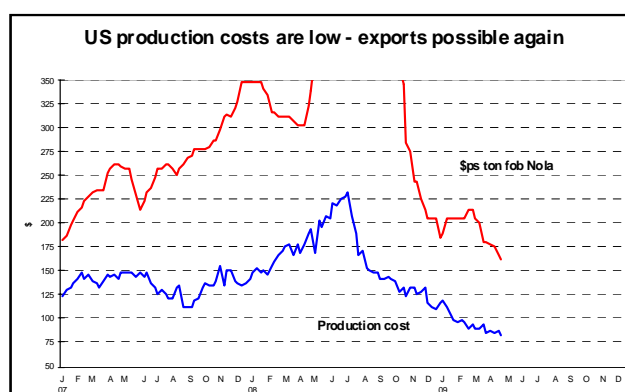
As mentioned in Profercy forecast reports, the prilled sector of the urea market is balanced and if this were the only factor to consider an argument could be made for prices stabilizing. However, granular is long and the premium outlets for this grade are inactive. At this stage it is difficult to envisage granular urea prices bottoming out soon in any major export area and competition from this grade in prilled markets could be troublesome for prilled exporters as May develops. Generally, it still appears

that more plant closures will be needed (most likely in Ukraine) to bring the overall market back to balance.

UAN

The UAN market remains bereft of major inquiry. In France prices are slipping and there are now reports of offers below Euros 150pt FCA Rouen. Most attention in that market is turning to what the new season price will. A major cut from current levels is expected.

The US situation has not changed. There is now talk of when exports from the Gulf could occur again. US production costs are sub-\$100pt which would support further offshore activity.



Ammonia

Prices are weakening. Spot business in India has attracted offers below \$280pt cfr (June arrival) while Morocco is reported to have booked product sub \$250pt cfr. Returning to India, an earlier inquiry brought a sale of West European product. This unusual development was in part prompted by vessel relocation requirements but the netback to Europe was viable given the lower cost of gas now available to European producers.

With the market bearish the next Tampa price is expected to be well down on the \$318pt cfr agreed for April. This is expected to be settled next week.

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