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USA

US nitrogen prices and the Global perspective

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World/US Price Comparison

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Product and origin	Cargo size metric tonne	Fob $mt	Freight $mt	cfr Gulf $mt	Equals $pst fob Gulf	Current Price $pst fob Gulf	Current US price - Import cost
Granular Urea							
Middle East	35,000	262.0	25.0	287.0	263.4	255.0	-8.4
Venez/Trinidad	20-25,000	250.0	20.0	270.0	247.9		7.1
Egypt	25,000	252.0	20.0	272.0	249.8		5.2
Egypt panamax	55,000	252.0	15.0	267.0	245.2		9.8
						Average delta	**3.4**
Prilled Urea							
Libya	20,000	232.0	25.0	257.0	236.1	240.0	3.9
Romania	25,000	242.0	30.0	272.0	249.8		-9.8
Middle East	25,000	260.0	30.0	290.0	266.1		-26.1
						Average delta	**-10.7**
UAN							
Russia	30,000	120.0	28.0	148.0	137.3	132.0	-5.3
Romania	25,000	142.0	32.0	174.0	160.9		-28.9
Egypt	30,000	142.0	30.0	172.0	159.0		-27.0
						Average delta	**-20.4**
Ammonia						**$pt cfr Tampa**	
FSU	35,000	182.0	55.0	237.0		180.0	**-57.0**
Middle East	25,000	175.0	70.0	245.0			**-65.0**
						Average delta	**-61.0**

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

World Market Status

Product	Status	Remarks
Granular Urea	**Stable/ slightly firm**	A slight uptick in Egyptian granular urea prices has been evident over the past week with up to $255pt fob paid for shipments East. Chinese granular is at $255-263pt fob, again supported by Asia. At this level, the west coast is the only possible US destination. Trnidad/Venezuela have placed 50,000t of urea in the increasingly active Brazilian market.
Prilled Urea	**Stable/ slightly firm**	India and Pakistan have kept buying at levels reflecting $230-235pt fob Black Sea, effectively setting a floor for FSU prilled urea from the southern ports. Plant closures still seem likely in Ukraine unless cuts in gas prices are achieved. If closures oc
UAN	**Flat**	The World UAN market remains flat although a $10ps ton increase has been evident in the US Gulf following the heavy round of buying for Q4 into Q1 2010 evident in recent weeks and also sizeable export activity. French prices are stable but UAN is cheap ve
Ammonia	**Flat/ to firm**	Tampa settled at $180pt cfr for July. This should be the low for the balance of 2009. European demand is building as NH_3 production has been cut in Belgium/Germany while nitrate production levels are high.

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The Profercy USA Report

Urea

Positives finally outweigh negatives

The past week has been one of mixed signals in the urea market. On the positive side:

- Liquidity appears to be building in the West (notably Latin America)
- FSU prices have found support at $232-235pt fob. Concern over plant closures in Ukraine is growing
- Middle East producers are comfortable
- India has booked over 500,000t of urea absorbing additional product from Bangladesh
- Bids for Egyptian granular are around $255pt fob range; two cargoes have been sold at this level
- US prices have moved up in part on the growing awareness that Q3 imports will be low
- Argentina has halted exporting and one purchase from offshore has been reported

On the negative side, Chinese prices are dropping towards $250pt fob for both prilled and granular. This has raised concern that China could bring the whole market down. However, countering this, there is certainly enough demand in Southeast Asia and Bangladesh for 5-600,000t of Chinese urea for July/August shipment which should avert the prospect of Chinese prices falling much further. Buyers are already waiting in the wings for the absolute low and, even at $250pt fob, Chinese urea is clearly the cheapest product available for many buyers. Certainly there will be no near-term competition from Middle East product (urea hungry Pakistan would pay $260pt fob AG for example), while the FSU is ruled out due to freight and cargo size. As regards FSU prices, after a long period of bearishness, there are signs that some improvement is possible. If Ukraine decides to close capacity, price gains could even be more notable although, as stated before, Chinese fob levels will have an influence for much of Q3

US Gulf: Granular urea prices have moved up on the back of demand for rice and awareness that little import tonnage is guaranteed to arrive in July/August. $255ps ton fob has been paid for a loaded barge while CF has raised its price for August by $15ps ton to $260ps ton and September to $270ps ton fob.

Imports: The table below points to a slimmer import programme for Q3 09 versus Q3 08. Based on Venezuelan and Trinidad shipments matching last year's levels, urea imports could be down by 300,000t.

US Gulf/ec Projected Gran Urea Imports

Origin	Shipper	'000t	Arrival
Reported/expected			
PIC	Gavilon	40	Aug
PIC	Gavilon	40	Sep
PIC	CHS	40	Sep
Venezuela	(Q3 08 level)	86	Q3
Trinidad	(Q3 08 level)	101	Q3
Sabic		60	Sep
Qafco		45	Sep
	Total	**412**	

08/09 Identified Granular Imports into Gulf/ec from official statistics

Month	'000t	*R. Total*
July	47	
Aug	279	*326*
Sep	384	*710*
Total	**710**	

Ammonia

The latest price conclusion in Tampa, $180pt cfr, is not representative of general market developments. The price cut was expected (even $175pt cfr was suggested) and it has been followed by a swift pick up in spot inquiry for August deliveries to the US and a relative rush to fill tanks in Turkey. Illustrating the fact that the market is on a firmer footing, Russian product has been sold for shipment from Ventspils around $200pt fob. Meanwhile, Russian product ex-Black Sea is fully committed to North Africa for the month and there is no free tonnage available. The earliest volumes available can increase is in August, with the possible restart of a fourth line at Togliatti. However, to make such a move, prices would have to show signs of moving back above $200pt fob (reflecting $250pt cfr Tampa, $230pt cfr NW Europe duty unpaid). This is expected

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