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USA

US nitrogen prices and the Global perspective

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| 17 July 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 | 268.0 | 25.0 | 293.0 | 268.8 | 268.0 | -0.8 |
| Venez/Trinidad | 20-25,000 | 255.0 | 20.0 | 275.0 | 252.5 | | 15.5 |
| Egypt | 25,000 | 260.0 | 20.0 | 280.0 | 257.0 | | 11.0 |
| Egypt panamax | 55,000 | 260.0 | 15.0 | 275.0 | 252.5 | | 15.5 |
| Average delta | | | | | | | 10.3 |
| Prilled Urea | | | | | | | |
| Libya | 20,000 | 245.0 | 25.0 | 270.0 | 247.9 | 250.0 | 2.1 |
| Romania | 25,000 | 257.0 | 30.0 | 287.0 | 263.4 | | -13.4 |
| Middle East | 25,000 | 268.0 | 30.0 | 298.0 | 273.3 | | -23.3 |
| Average delta | | | | | | | -11.6 |
| UAN | | | | | | | |
| Russia | 30,000 | 130.0 | 28.0 | 158.0 | 146.3 | 135.0 | -11.3 |
| Romania | 25,000 | 145.0 | 32.0 | 177.0 | 163.6 | | -28.6 |
| Egypt | 30,000 | 145.0 | 30.0 | 175.0 | 161.8 | | -26.8 |
| Average delta | | | | | | | -22.2 |
| Ammonia | | | | | | | |
| | | | | | | \$pt cfr Tampa | |
| FSU | 35,000 | 215.0 | 55.0 | 270.0 | | 180.0 | -90.0 |
| Middle East | 25,000 | 213.0 | 70.0 | 283.0 | | | -103.0 |
| Average delta | | | | | | | -96.5 |

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

| World Market Status | | |
|----------------------|---------------|--|
| Product | Status | Remarks |
| Granular Urea | Firmer | The market remains firm. Brazil is buying heavily and prices there are now around \$290pt cfr. Egypt is comfortable at \$260pt fob and is seeking higher levels. US prices are competitive and the first spot Egyptian cargo for the east coast has appeared this week. Chinese granular urea is now being offered over \$260pt fob for August, up \$5pt on last week. |
| Prilled Urea | Firmer | Pakistan has bought 240,000t of urea in the past few days, much of which will be prills from the Black Sea. Prices there are at \$245-250pt fob and are stable to firm. Brazilian buyers have finally conceded increases paying \$240-245pt fob equivalent for Baltic urea. |
| UAN | Flat | There has no major price move and UAN remains the poor relation of other nitrogen products. However, \$145pt fob was paid this week for Romanian product, a \$5-7pt increase over last done. Buyers may soon notice the good value UAN represents. |
| Ammonia | Firm | With FSU and Middle East prices now heading for \$220pt fob, a huge increase in the next contract price in Tampa is assured for August deliveries. |



The Profercy USA Report

Urea

Price rally continues

The general price uptrend continues, albeit at varying rates depending on the export zone or market. The main areas of price gain this week have been as follows:

- Middle East: Urea has been sold to Pakistan over \$270pt fob
- Yuzhnyy: \$245-250pt fob has been paid and new offers are in the \$255-260pt fob range
- US Gulf: Granular prices are in the \$260s ps ton fob and have even touched \$270ps ton fob.

The laggards have been Latin America and Southeast Asia. Higher prices are being tabled in Latin America but sales over \$240pt fob FSU have only just been achieved (close to \$280pt cfr has now been concluded in Brazil). Southeast Asian buyers are trying to buy at \$250-255pt fob bulk China equivalent but this price is no longer available. The danger for buyers in this region is that the Indian subcontinent could scoop up Chinese urea for August/September shipment.

The market outlook for August shipments is one of higher prices. Producers are comfortable and will not give up their hard fought for price gains easily. The earliest inventory pressure could rebuild is in September when a number of plants will return to production. This could eventually upset prices but a return to \$230pt fob FSU in the second half of the year appears very unlikely.

In other products, nitrate prices have increased sharply with Russian product sold in Brazil at \$160pt fob equivalent. UAN is also up modestly with the latest sale of EU eligible product in Romania netting around \$145pt fob. Latest offers of amsul in Brazil reflect over \$95pt fob FSU.

US Gulf: Granular urea prices are firmly set in the \$260s ps ton fob. One transaction netting \$270ps ton fob has been reported this week. While there are flat or lower offers for Q4 in evidence on the paper market (low-\$260s ps ton), the table below illustrates that the US is not being flooded with product in Q3, even though August/September arrivals will gather pace.

Imports. The first spot shipment from Egypt via Trammo is expected to arrive in late August (25,000t). Indagro may also ship a cargo from Egypt to the US,

loading August. Other shipments have been listed below. As can be seen, even with the assumption that shipments from Trinidad and Venezuela will match 2008 levels, the projected volume due to arrive in Q3 falls short of last year by over 200,000t.

| 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 level) | 08 | 86 | Q3 |
| Trinidad | (Q3 level) | 08 | 101 | Q3 |
| Sabic | | | 60 | Aug |
| Egypt | Trammo | | 25 | Aug |
| Sabic | | | 60 | Sep |
| Qafco | | | 45 | Sep |
| Total | | | 497 | |
| 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 | |

US urea imports were 357,600t in May, up 12.6% on May 2008. Canada supplied 173,500t while 184,000t were from offshore. Granular shipments to the Gulf/east coast were around 159,000t with Qatar supplying 49,000t, Venezuela 44,000t and Bahrain 41,000t. Egypt and Trinidad supplied the balance.

