



PROFERCY USA

US nitrogen prices and the Global perspective

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06 November 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	30.0	295.0	270.6	268.0	-2.6
Venez/Trinidad	20-25,000	270.0	23.0	293.0	268.8		-0.8
Egypt	25,000	267.0	25.0	292.0	267.9		0.1
China panamax	55,000	267.0	30.0	297.0	272.4		-4.4
Average delta							-1.9
Prilled Urea							
Libya	20,000	232.0	25.0	257.0	236.1	255.0	18.9
Romania	25,000	250.0	30.0	280.0	257.0		-2.0
Middle East	25,000	265.0	30.0	295.0	270.6		-15.6
Average delta							0.4
UAN							
Russia	30,000	152.0	28.0	180.0	166.3	165.0	-1.3
Romania	25,000	160.0	32.0	192.0	177.2		-12.2
Egypt	30,000	260.0	30.0	290.0	266.1		-101.1
Average delta							-38.2
Ammonia							
FSU	35,000	295.0	60.0	355.0		\$pt cfr Tampa 355.0	0.0
Middle East	25,000	290.0	80.0	370.0		Nov price	-15.0
Average delta							-7.5

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

World Market Status		
Product	Status	Remarks
Granular Urea	Firm	US prices have improved and are now reflecting prevailing fob levels in Egypt and the Middle East. There is a possibility that spot tonnage could be moved to the Gulf from Egypt. In general the market for granular is firm and producers are hopeful that further increases in US prices into Q1 2010 will enable them to raise prices generally over the coming months.
Prilled Urea	Stable/Firm	FSU suppliers are comfortable for November and have been able to maintain prices in the low to mid-\$240s pt fob Black Sea in dealings with traders for tonnage for India/Pakistan. Current FSU prices appear competitive for the next Indian tender (Chinese urea is over \$270pt fob).
UAN	Firm	Heavy buying of UAN for the US over the past two weeks has tightened the international market considerably. Romanian product can now command \$160pt fob while the next Egyptian tender on 9 November is likely to witness bids over this level.
Ammonia	Stable	Ammonia prices are stable in the West. November tonnage is committed at high prices but there is concern among producers that a correction will take place for December as US demand has cooled.



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Urea

US market gaining

The most notable development of the past week's business has been the run up in granular urea prices in the US Gulf. Prices there are now approaching \$270ps ton fob while levels as high as \$310ps ton fob have been proposed for Q1 2010. The increase in US prices is good news for suppliers of urea worldwide. Firstly, it provides a firm and rising floor for fob prices from major export origins and, secondly, suggests that granular urea will be less of a threat to prills in markets such as Latin America and the Indian subcontinent.

If attained, a price of \$270ps ton fob US Gulf would be equivalent to around \$293pt cfr US Gulf. It would imply a return for Venezuela/Trinidad of around \$270pt, \$265-270pt fob for Egypt and over \$260pt fob for Middle East product. If US prices move on a further \$30-40ps ton in Q1 2010 the implications for producers are clear: granular prices in the three areas noted above could head for \$300pt fob.

US Gulf: US prices are improving with domestic producers sold out through year end. \$160ps ton fob Gulf was paid earlier this week for December and \$165ps ton fob for January 2010. Subsequently \$170ps ton is reported to have been closed for November/December. March is offered at \$190ps ton fob.

The shift from ammonia to UAN is boosting prices along with the recent realization that UAN was too cheap. With urea prices increasing UAN still remains a competitive nitrogen source.

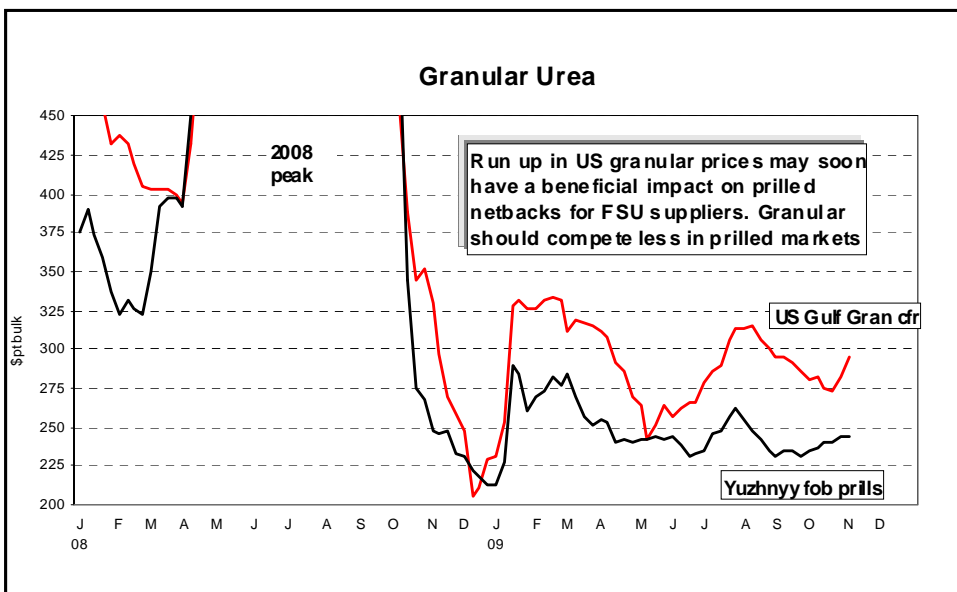
Ammonia

Stable for now

Ammonia prices are holding steady for now. Most Black Sea product has been committed for the month although the destinations of one or two vessels are uncertain. Buyers are hoping for lower prices in December but will need to be wary of pending gas price changes in Ukraine from 1 January 2010. With a gas price increase anticipated, the flow of Ukrainian ammonia would certainly be restricted again after the build up in export activity since September.

With this possibility in mind, buyers could well move to fill tanks in December which would help to limit the potential for ammonia prices to weaken significantly as December approaches.

For further details of
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UAN

Prices surge on strong US demand

UAN prices are continuing their rapid recovery. In the US product for December has sold at \$160-170ps ton fob Gulf, \$35-45ps ton fob above the October low. On the paper market \$180ps ton fob is being bid for Q1 - \$182ps ton has already traded. Egypt's next tender closes on 9 November and bids are expected to be above \$160pt fob.

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