

Profercy more than information



11 December 2009

Urea/Nitrogen Fertilizers

The psychology of the urea market has taken a slight knock this week. The negative factors that have surfaced are:

- India has tendered but has not bought. Its counter at a maximum of \$260pt fob Yuzhnyy equivalent was considered too low.
- China will keep a low export tax in January (possibly through mid February) - 7%, down from 10%.
- US prices have slipped back after a spectacular run up with a trader active looking to liquidate a cargo due to arrive in January.

Countering the above, forecast fundamentals have not really changed. Chinese exports were in any case expected to continue in January while India does need to buy as evidenced by the fact that counters were at \$300pt cfr and above. It is still possible that business could be closed with traders over the next 2-3 days. Further, this week Middle East prilled urea has been sold at \$315pt fob while bids for granular have risen to \$320pt fob Middle East for January.

Thus, this week's negative news, which comes after weeks of bullish developments, is viewed as just a

short-term setback for the market. Further, although India's present strategy may affect traders with prompt positions to move, it is unlikely to cause discomfort among producers, most of whom are sold out for the month.

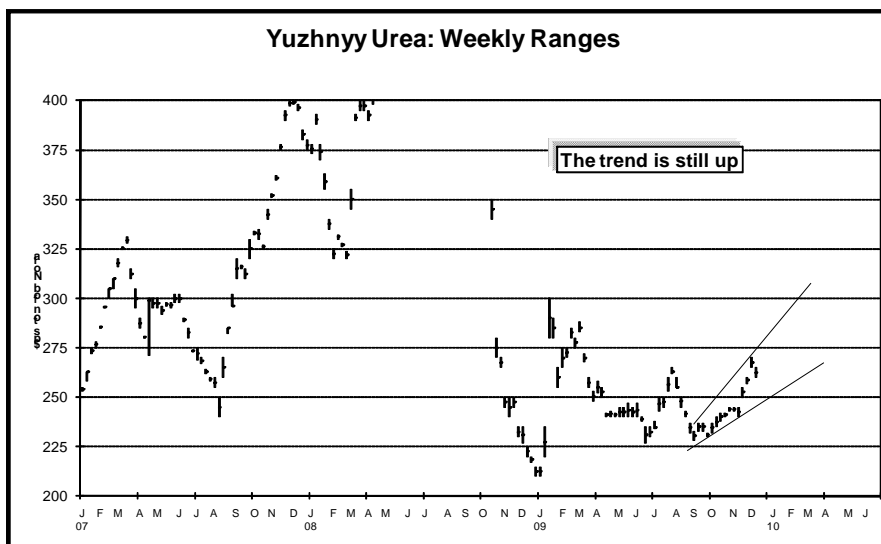
Amsul prices are up with Black Sea product reported sold at \$120pt fob and offers into Vietnam over \$140pt cfr. Capro Corp. and Citco are yet to offer firm for January shipment from South Korea and Vostochny respectively.

Supply

Yuzhnyy: Producer prices for urea are put at \$265-270pt fob. Traders have sold small volumes into Turkey at around \$265pt fob equivalent but some have large positions to move which were aimed at India. India's refusal to bid over \$260pt fob has resulted in efforts being made to place this tonnage in Brazil and Vietnam.

Producers are comfortable for now with the line up for the month healthy, provided traders lift their long positions in a timely manner.

Egypt: MOPCO is receiving bids for 25,000t of granular urea which will be finalized over the weekend. Latest sales of Egyptian product into southern Europe reflect the low-\$320s pt fob.



Abu Qir sold 20-25,000t of UAN to Unifert at Euros 134pt fob for 20-25 December shipment to Europe. A Benelux-based trader will take the product.

Middle East: Qafco has sold 12,000t of prilled urea for shipment this month to the Far East at \$315pt fob bulk.

Fertil UAE is reported to have received bids from two traders at \$320pt fob for granular urea for January shipment to the USA. Fertil's plant is currently running at 70-75% capacity.



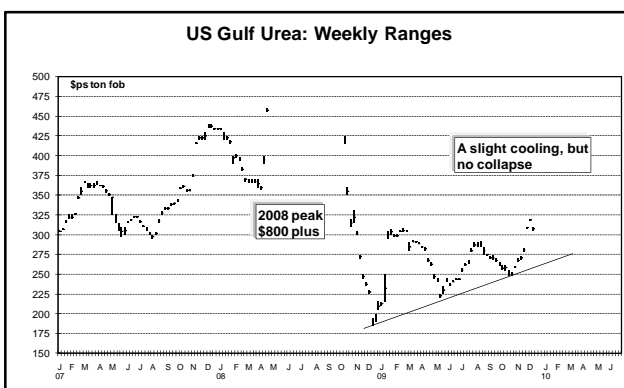
Iran: PCC sold 75,000t of granular urea to Swiss Singapore (50,000t) and Ameropa (25,000t) around \$295pt fob bulk.

China: The Chinese export tax for January and the off-season months of 2010 will be 7%. Reports that the low tax will run through mid February could not be confirmed at presstime.

Demand

USA: Granular urea prices started the week at \$320-325ps ton fob Gulf for December/January. However, Toepfer has since been selling barges from its Egyptian cargo at \$310ps ton fob. Paper was offered down to \$305ps ton fob.

Meanwhile and conversely, CF has raised its prices to \$335pt fob for Jan/Feb and \$340ps ton fob for March/April. Railcar UAN has been raised to \$6.50 per unit N for Jan/Feb and to \$6.75 for March/April. CF has sold UAN at \$210ps ton fob.



NW Europe: Yara has raised its CAN price by a further Euros 5pt to Euros 150pt cif inland. In Italy, Egyptian granular urea has been sold for second half January at \$347pt cfr, reflecting the low-\$320s pt fob.

India: IPL tender developments: No purchases were made (sellers refused to accept the low counter). A retender is expected in 1-2 weeks unless deals are concluded over the next few days. Three traders are keen to commit prompt cargoes and may be enticed to cut their offers.

The above was extracted from this week's Profercy Report. For further details contact fertilizers@profercy.com.

International Prices \$per tonne

NITROGEN	10 Dec	3 Dec
Urea prilled bulk		
Yuzhnyy fob	265-270	265-270
Baltic - St Petersburg fob	250-255	250-252
Baltic - Fast ports fob	255-258	255-258
Romania fob	285-300	285-300
Libya fob	250-260	250-260
Arab Gulf fob	290-315	290-300
China fob (Nov 10% tax)	300-305	295-305
Mediterranean cfr duty paid	320-325	320-325
Brazil cfr	295-310	295-310
EC Central America cfr	295-305	295-305
WC Central America cfr	305-315	305-315
India cfr	315-320	315-320
SE Asia cfr	310-320	310-320
Urea granular bulk (spot)		
Arab Gulf fob US cargoes	305-315	315-320
Arab Gulf fob non-US	285-300	285-300
Arab Gulf full range	285-315	285-320
Malaysia fob	300-310	295-300
China fob (Nov 10% tax)	315-320	305-310
SE Asia cfr	325-335	310-320
Egypt fob	315-325	315-320
Caribbean fob	310-320	310-320
US Gulf ps ton fob	310-315	318-323
US Gulf metric cfr equiv	337-342	345-350
Nitrates		
AN Baltic fob bulk	205-210	205-210
AN B Sea fob bulk	205-215	205-215
AN France E deld bulk	188-190	188-190
AN UK fot £ bagged	180-190	180-190
CAN Germany E cif blk	150-152	145-147
AN US Gulf ps ton fob	200-210	200-210
UAN		
UAN France E fot	140-150	140-150
US ec cfr	225-230	225-230
US ps ton fob Nola	195-200	195-200
UAN FSU fob B Sea	205-210	205-210
UAN Romania fob	205-210	205-215
Am. Sulphate bulk		
Black Sea fob (white)	115-120	100-105
Black Sea fob (standard)	90-95	85-90
Brazil cfr sight	135-145	130-140
SE Asia cfr	140-145	138-143
AMMONIA		
	10 Dec	3 Dec
Yuzhnyy fob	280-285	280-285
Arabian Gulf fob (spot)	270-290	270-290
NW Europe cfr duty free/pd	320-330	320-330
North Africa cfr	300-305	300-310
Tampa cfr	325	325
India cfr (spot)	315-330	315-335