



PROFERCY USA

US nitrogen prices and the Global perspective

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12 March 2010		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	315.0	42.0	357.0	326.9	317.0	-9.9
Venez/Trinidad	20-25,000	315.0	25.0	340.0	311.4		5.6
Egypt	25,000	312.0	30.0	342.0	313.3		3.7
China panamax	55,000	330.0	35.0	365.0	334.1		-17.1
Average delta							-4.4
Prilled Urea							
Libya	20,000	280.0	30.0	310.0	284.2	310.0	25.8
Romania	25,000	295.0	35.0	330.0	302.4		7.6
Middle East	25,000	310.0	47.0	357.0	326.9		-16.9
Average delta							5.5
UAN							
Russia (Baltic)	30,000	205.0	30.0	235.0	216.2	212.0	-4.2
Romania	25,000	215.0	35.0	250.0	229.8		-17.8
Egypt	30,000	220.0	32.0	252.0	231.6		-19.6
Average delta							-13.9
Ammonia							
FSU	35,000	390.0	60.0	450.0		\$pst cfr Tampa 450.0	0.0
Middle East	25,000	380.0	80.0	460.0			-10.0
Average delta							-5.0

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

World Market Status		
Product	Status	Remarks
Granular Urea	Stable	Egyptian granular urea prices bottomed out at \$312pt fob. One cargo appears to have been booked for the US Gulf. Middle East prices look set to come under pressure over the next 30-45 days with the end to shipments to North America leaving a difficult gap for exporters to fill. Iran has large volumes to place with limited accessible markets.
Prilled Urea	Stable	FSU prilled prices gained to \$285-287pt fob Yuzhnyy this week on the back of trader covering for earlier sales. However, there is no confidence that prices will hold beyond March and, thus, traders are reluctant to go long at current levels.
UAN	Stable	The market is flat. Efforts to place a Russian cargo into the US east coast were unsuccessful with buyers not prepared to pay the \$250pt cfr asking price. A cargo is reported to have been sold to Argentina for April netting back to \$200pt fob Russia at best.
Ammonia	Stable	Ammonia has had a good run but there are already signs that the buying panic is over. Supply should improve in April ex-FSU and Middle East. The next major price move will likely be down.



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Urea

Prilled price gains, but not a strong rally

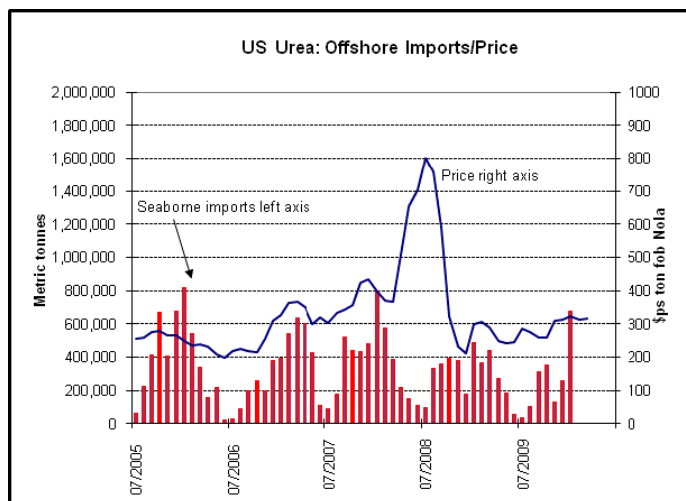
Ukrainian urea has been sold to traders to cover earlier sales in Latin America at \$285-287pt fob this week. However, apart from this short-term covering in, there has been no follow through of significant demand from buyers in the West and the outlook beyond March is turning negative again. Aware of this buyers are prepared to wait before booking new volumes in anticipation that Black Sea prices will again slip sub-\$280pt fob. There have already been signs of this in Turkey where a small volume of Romanian urea has been sold at \$295pt fob, reflecting sub \$280pt fob Yuzhnyy.

Egyptian prices dipped to \$312pt fob over the past few days and while this has created some buying interest it has not immediately outweighed the bearish position in Europe where high granular stocks are not moving due to continuing poor weather in parts of France and Italy. US prices have picked up slightly but even though Egyptian prices would work basis April quotes for barges, traders are unlikely to take the risk of moving a lot of new product to the Gulf given the disappointments to date this year. Caution will be the watchword.

In Asia the market is also woefully short of immediate demand with dry weather in Thailand, Vietnam and elsewhere keeping major buying on hold.

All the above points to a stable or improved position for India when it finally decides to make its first move of the year to buy large volumes of urea. Q2 is generally not an easy period for producers and India alone is not usually enough to support a strong, rising market during this period.

USA: Urea imports were a massive 826,000t in January, the highest monthly total since January 2008. The total was made up of 151,000t from Canada and 675,000t from offshore, of which 625,000t were granular urea. This influx coupled with inclement weather delaying offtake has since taken a toll on prices with Gulf barge quotes having failed to gain upward momentum over the past two and half months.

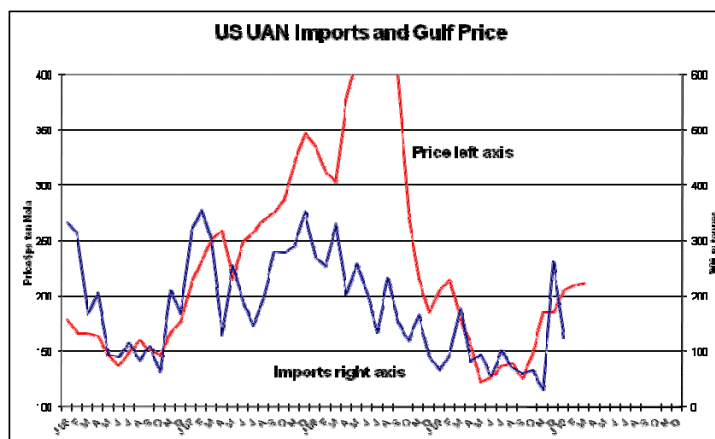
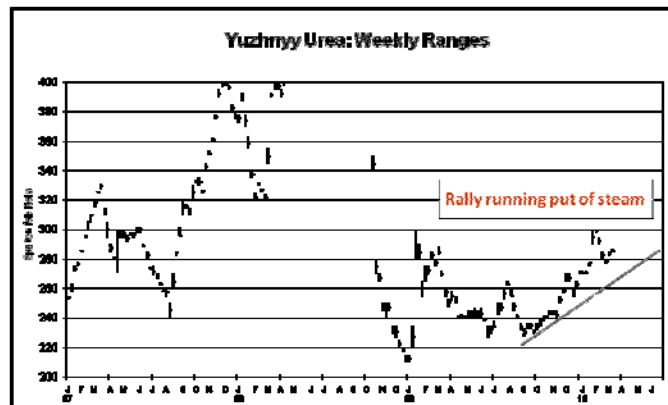


While the pace of imports is slowing, a further 1.2m. tonnes of granular urea is predicted to arrive in the US Gulf through end April. This exceeds the 915,000t identified in 2009 and is in line with arrivals during February-April 2008. It suggests that urea will not be short.

UAN

Outlook for UAN promising in US

UAN imports were 124,000t in January, double the January 2009 total but still relatively low. Offshore volumes were 100,000t.





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UAN prices are currently holding at \$210-215ps ton fob and the product still represents good value compared with urea. Offers of FSU UAN into the east coast are presently put at \$245-250pt cfr with buying ideas close to this level.

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