

PROFERCY
USA

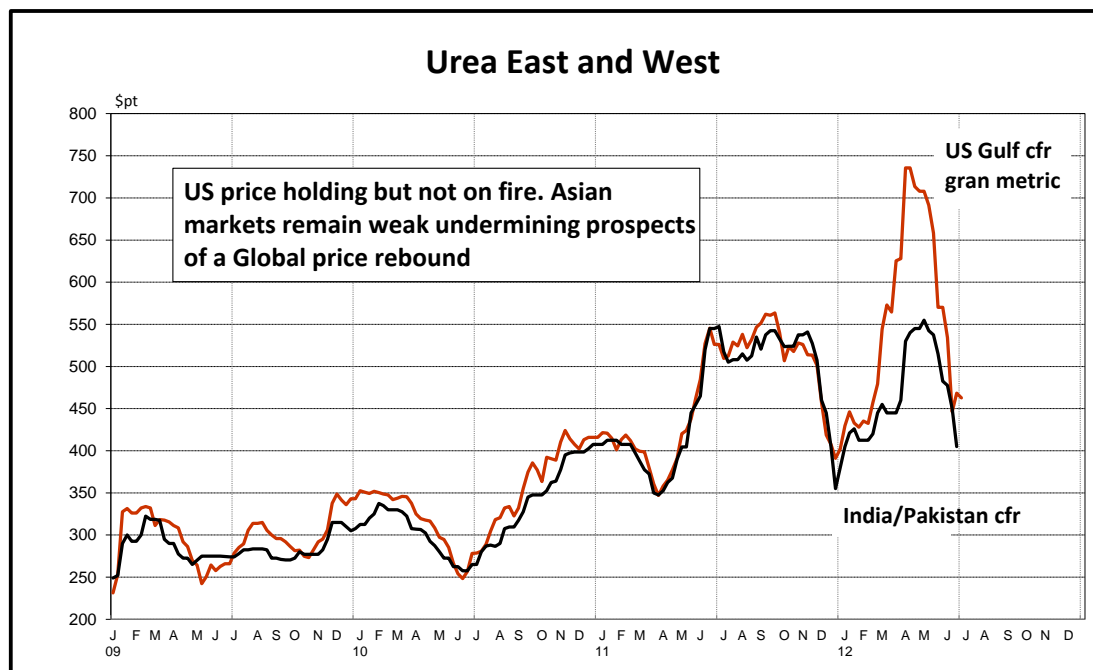
US nitrogen prices and the Global perspective

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02 July 2012		World/US Price Comparison						
Product and origin	Cargo size metric tonne	Fob \$mt	Freight \$mt	cfre Gulf \$mt	Equals \$pst fob Gulf	Current Price \$pst fob Gulf	Current US price - Import cost	
Granular Urea								
Middle East	35,000	420.0	30.0	450.0	411.2	425.0	13.8	
Egypt	25,000	440.0	25.0	465.0	424.8		0.2	
Average delta							7.0	
Prilled Urea								
Romania	25,000	380.0	28.0	408.0	373.1	440.0	66.9	
Middle East	25,000	395.0	33.0	428.0	391.3		48.7	
Average delta							57.8	
UAN								
Russia (B Sea)	30,000	265.0	35.0	300.0	275.2	267.5	-7.7	
Romania	25,000	265.0	35.0	300.0	275.2		-7.7	
Egypt	20,000	270.0	34.0	304.0	278.8		-11.3	
Average delta							-8.9	
Ammonia								
FSU	35,000	610.0	75.0	685.0		\$pst cfr Tampa 690.0	5.0	
Middle East	40,000	644.0	100.0	744.0		July price	-54.0	
Average delta							-24.5	

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





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Urea

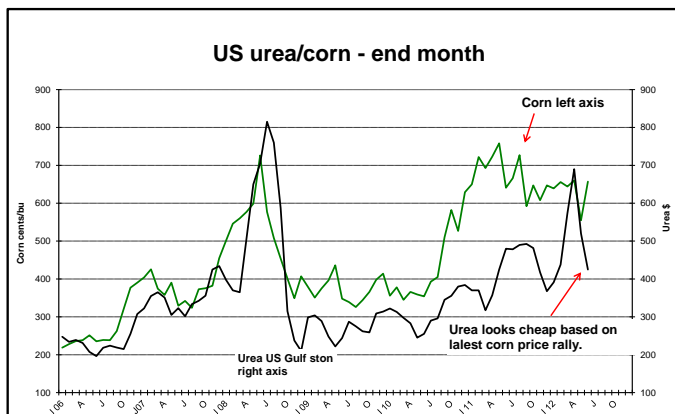
US price holding

After dipping back to \$410-415ps ton fob US Gulf granular prices have bounced again to around \$425-435ps ton fob Nola, high end loaded. August physical has traded at \$423ps ton fob.

Corn prices are firm on dry weather concerns with and it is the improvement here that has filtered into the fertilizer market. At sub \$450ps ton fob urea is cheap versus corn. This, coupled with the fact that US warehouses are empty has helped support the market. Warehouse prices meanwhile are disconnected from the Gulf, being substantially higher at over \$500ps ton.

Imports: As expected, the US improvement has attracted spot tonnage with 50,000t for Gavilon ex-Oman and 25,000t booked by CHS for shipment ex-UAE, both arriving August. The table below estimates potential arrivals in the Gulf in July/August. As can be seen, the volume is not excessive and should not itself deflate US prices.

US Gulf/ec Projected Gran Urea Imports 2012/13			
Origin	Shipper	'000t	Arrival
Kuwait	Gavilon	40	July/Aug
Oman	Koch	30	July
Russia		30	July
S Arabia		60	Aug
UAE	CHS	25	Aug
Oman	Toepfer	30	Aug
Oman	Koch	30	Aug
Oman	Gavilon	50	Aug
Kuwait	CHS	40	Aug
Trinidad*		75	July/Aug
Total		410	
July/Aug 2011		417	
Difference			



UAN

French price slides

The UAN market has been unsettled this week by a sharp drop in prices in France where 30% N is now being offered at €224pt FCA Rouen, around \$287pt cfr for 32% and well below the levels possible from any export source. US prices have firmed slightly from the \$260ps ton fob new-season price and are now put at \$265-270ps ton fob.

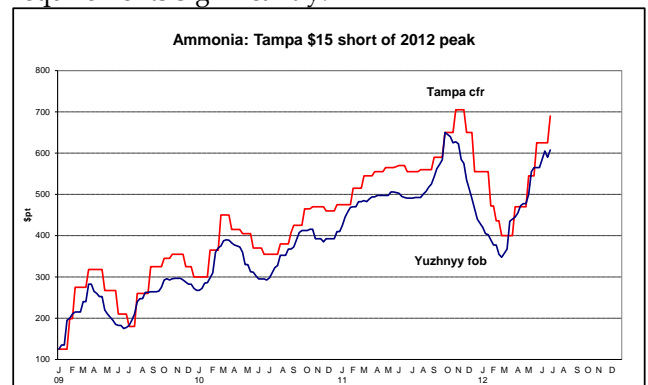
Ammonia

Tampa up a further \$65pt

As expected the tight ammonia supply position for July supported a further substantial increase in the Tampa contract price to \$690pt cfr, just \$15pt short of the Q4 2011 high. While the price fell short of recent spot business, it still reflects over \$600pt fob Yuzhnyy.

No new sales have been reported in the Black Sea with the port of Yuzhnyy heavily committed for July and particularly the first half of the month. Similarly, there has been no new business reported in the Middle East. However, as regards the Baltic, there are reports that Koch has been buying forward for August with the aim of loading a 23-25,000t vessel for the USA.

Although ammonia is tight for now, there remains a conviction that the next major price move will be down, this despite the continued production difficulties in Trinidad and, as reported last week, Venezuela. At some stage, and perhaps for August shipments, the malaise affecting the downstream nitrogen markets will transcend into the ammonia market. Certainly with nitrate at \$250pt fob and ammonia at \$600pt, converting ammonia into nitrate is looking very unattractive. Furthermore, from a consumer standpoint, Turkey will reduce nitrate production in August trimming ammonia requirements significantly.





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For further details of
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