



Rebound predicted in 2010 world fertilizer demand

After the past year's drop in fertilizer demand, a sizeable rebound is likely for the 2010 season, according to the International Fertilizer Industry Association's (IFA) Fertilizer Outlook 2009-2013 report released last week. The IFA estimates that the economic crisis translates to between one and three years of lost growth in fertilizer demand. But a gradual rebound might be felt as early as in the next six months. The report projects a 3.6% growth rate in overall demand for the 2009/2010 buying season from the 2008/2009 season. World fertilizer consumption is estimated to have been down 5.1% in 2008-2009.

Dry Nitrogen

Urea

The urea market continues to move up. Product supply is tight. Yara doesn't have a vessel coming into them until mid September, so it is buying here in order to meet contract needs. CF and Koch are the only domestic suppliers currently with product. In the international market, Pakistan and India remain the most active players. Pakistan has been a scale up buyer. Total demand is estimated at 300,000 MT. India may delay its next tender in the hope that prices will drop. China is under some pressure to move tons, but the government there has added rail tariffs on product moving within the country, as well as for export.

Ammonium Sulfate

Last week Honeywell released pricing for the cornbelt for July shipment on a limited number of tons. But since their Hopewell plant has been down for eleven days and is not yet back to full production, the company has pulled last week's pricing and currently is not accepting new orders. No other producers are currently accepting fill orders for sulfate. Tons are available for product going to the soil but at end of spring's posted numbers.

Liquid Nitrogen

UAN

The world UAN market is firm. CF Industries continues to export product from the U.S. to Spain and France. The fundamentals of the UAN market remain good, with UAN trading at as much as \$50/ton less than urea.

Ammonia

Cash ammonia prices remain weak but appear to have found a plateau. Last week's price settlement in Tampa for July impacted global markets. Lower U.S. DAP production is also expected to keep pressure on ammonia prices through summer compared to the previous year. Additional railroad tariffs on hauling ammonia could impact competitiveness and delivery of product in some locations. By the end of September, dealers will want to have all available storage filled, with purchases made back to back

with grower sales. While there have been some inquiries about spring buying, few growers or dealers feel confident enough to buy yet due to the recent corn price movement downward.

Phosphates

The market has been fairly quiet this week, with Tampa prices drifting upward. Continued exports are helping to support higher prices. Trading will probably continue to be sideways until the market responds to higher prices. We would recommend you have at least half of your fall needs locked in by the end of July. In the phosphoric acid market, product is being moved from the East to the West, where it is currently in greater demand.

Potash

The international market still lacks a price benchmark, due to no new contracts in China or India. The results of India's recent tender are still not known, but offers were likely higher than the country is willing to pay, and it may need to retender. With no real benchmark price on the world level, most normal major buyers are resisting making sizeable purchases. Much the same can be said for the U.S. market, where producers have yet to publish a price and none is expected yet this month.

Regional markets

Northwest: A little ammonia was moving this week and some UAN was sold into the PNW. Crop conditions are very good in many areas, with corn already five feet tall in South Dakota. Farther north, in the Red River Valley, significant yield loss is expected, though, due to spring flooding and late planting.

Midwest: Crops look very good, with corn in southern Iowa starting to tassel. For the most part, sales have dried up due to the drop in commodity prices.

South: It is shaping up as a good week for the rice run, with lots of product moving and urea supplies tightening. P & K movement has all but stopped for now. There has been a little UAN buying for fill in the S. Plains, but growers and dealers are now starting to wait to see what corn prices do in the coming weeks. Wheat harvest is wrapping up in Kansas and fall fertilizer activity for the 2010 crop will start soon.

Northeast: Sidedress has pretty well wrapped up in the region and most dealers seem to have now caught up on application as many dealers were able to take the past weekend off. A few double-crop soybeans are still being planted now, but this will wrap up quickly as well. Crops in the region look very good given the favorable growing conditions we have had lately.