



## **Week of March 22, 2010**

### **Terra accepts CF offer over previous Yara deal**

It has been a long time in the making, but Terra Industries management announced this week it was accepting the latest bid from CF Industries to acquire the company. Calling the CF bid valued at \$4.7 billion “a superior proposal” to that offered by Yara International back in mid-February; Terra terminated its agreement with Yara. The Norwegian-based Yara had five days to counteroffer but said they would not. Late last week, as the CF-Terra deal seemed to be coming together, Agrium Inc. said it would discontinue its bid to buy CF. Agrium also said it would no longer attempt to elect directors to the CF board.

### **Dry Nitrogen**

#### **Urea**

At inland terminals, prices have been edging upward this week. In the international market, Pakistan is expected to tender for 100,000 tons this week or next. The country had planned to be self-sufficient and producing enough urea for its own needs by midyear, but that apparently will take longer. India reportedly has enough urea to start the season and estimates are that it won't need to tender until April or May. Black Sea prices are now between \$280-\$285/mt FOB.

#### **Ammonium Sulfate**

Prices are likely to top out at between \$240-\$250/ton this spring, but by June or July there could be some attractive fill prices.

### **Liquid Nitrogen**

#### **UAN**

Demand for UAN has picked up in the mid-section of the country, especially in the Plains states for topdressing wheat. There has also been good demand in south-central Texas on land going into corn and cotton. The Nola barge price is expected to go up once buying picks up in other parts of the country. The U.S. market is still trading at a discount to other world markets.

### **Ammonia**

Temperatures have risen and spring winds promise to help dry out fields, but little product was moving yet this week. Even with limited spring demand, rail ammonia cars are non-existent and won't be available until May. On a global level, producers in the Middle East are moving a lot of product and reportedly have oversold. If the U.S. spring season continues to be slow, more product from here could be exported to meet strong world demand, which could affect resupply of pipeline and barge terminals.

### **Phosphates**

With wet field conditions in much of the country and a slow start to spring field work, much of the demand for phosphates may be determined by how quickly growers can get started and whether the price of corn stays above \$4/bushel. Phosphate supplies are still expected to remain tight through spring, due to low producer inventories. Sulfur shortages are expected to slow phosphate production through the second quarter.

### **Potash**

Wet field conditions continue to limit application, so potash sales remain slower than usual for this time of year. There are still some tons available on the river, but inventories are expected to tighten through spring.