



### **Possible fertilizer mergers continue to make news**

One of three possible fertilizer company mergers appears to be moving forward this week. Agrium's proposed acquisition of Australian-based farm supplier AWB Ltd. now has the support of the AWB board of directors. Meanwhile, Potash Corp continues to fend off a takeover attempt by BHP Billiton. And in Russia, a merger of two leading potash companies is also still being discussed, but has not been confirmed. According to several industry analysts, these types of major and often international mergers could have major implications for product pricing in the future.

### **Dry Nitrogen**

#### **UREA**

**Price outlook:** Firm through river close

**Domestic market:** The Gulf market bounced around a bit last week. Demand has picked up as interest continues for barges to be delivered to the upper Midwest before river close. Supplies will increase in the coming weeks, when contract and spot cargos begin to arrive.

**Global factors:** On a world scale, Yuzhnyy prices may be coming down to make producers more competitive with those in China. On the other hand, prices in the Middle East appear to be headed higher – from the low \$300s to up around \$335/mt FOB. Egyptian producers are currently selling product into Europe.

### **AMMONIUM SULFATE**

**Price outlook:** Firm

**Domestic market:** Last week IRM raised prices by \$25/ton in the Pacific Northwest and Montana. Honeywell is still not taking any new orders and doesn't expect to until after Labor Day. Agrium announced it would suspend indefinitely production of granular ammonium sulfate at its Redwater, Alberta facility in early September.

### **Liquid Nitrogen**

#### **UAN**

**Price outlook:** Firm to higher through Q4

**Domestic market:** UAN is hard to find, making it difficult to accurately gauge the market. The spring market is also quite strong already. Despite the prices here, the U.S. market is still trading at a discount to the rest of the world, with no spot cargos expected to arrive here anytime soon.

**Global factors:** Prices continue to move higher in other markets around the world, including the Black Sea and France. Egyptian and Romanian product going to France has been sold in the \$235-\$240/ton range.

### **AMMONIA**

**Price outlook:** Firm to higher through fall

**Domestic market:** Tampa business was done last week was up \$45/mt from August. Expectations for fall are still that demand will be strong, especially if the harvest is early. Good corn prices are also feeding that expectation. Fall supply concerns remain, mainly due to the Magellan pipeline not coming back online until early October.

**Global factors:** Yuzhnyy prices appear to have moved up, but it's been difficult to pin down an exact level. Best guess is somewhere around \$400/mt FOB. That's good news for Ukrainian producers, who are reportedly coming back online. Most Arab Gulf producers have full order books into October. India's latest tender could result in higher prices from Middle Eastern producers.

### **PHOSPHATES**

**Price outlook:** Firm through September

**Domestic market:** Prompt product is hard to find this week. Both Mosaic and CF have no product available until November. Central Florida pricing jumped last week to over \$470/st FOB, \$20-25 higher than the previous week, putting them within a few dollars of Gulf pricing, which is normally \$10-15 higher.

**Global factors:** The export market remains tight. PhosChem made a sale into Central America at just over \$500/mt, which was noticeably lower than European buyers are paying. With supply now so tight in the domestic market, little product is expected to be exported in the next few months. Strong exports and domestic demand in China are also keeping those producers busy, and forcing prices higher there, as well.

## **POTASH**

**Price outlook:** Stable to higher through fall

**Domestic market:** Terminal prices are often still below producer-posted prices of \$410/st. Sales have been somewhat slow this week. Product is available, but with most producers facing a backlog of orders, getting it delivered in a timely manner is the major concern. This delay in filling potash orders looks to be a common theme through most of the fall season.

**Global factors:** Canadian-based PCS this week continues to play down takeover attempts by BHP Billiton, the world's largest mining company, calling the offer inadequate. In Russia, a Uralkali-Silvinit merger is still being discussed. India finally awarded a tender to purchase 370,000 tons at \$370/mt CFR.