

# CRU Fertilizer Week

## Urea Weekly Report

[www.crugroup.com](http://www.crugroup.com)

### PRICES

#### WEEKLY PRICES

Urea									
Commodity/Type	Unit	52 WK HIGH	52 WK LOW	JAN 2016	FEB 2016	14 JAN	21 JAN	28 JAN	04 FEB W-on-W
<b>UREA</b>									
<b>Prilled Bulk FOB</b>									
China Spot	USD/t	307	196	212	199	217 - 222	202 - 212	196 - 201	<b>197 - 201</b> 0
Black Sea Spot	USD/t	305	195	214	203	215 - 225	202 - 207	195 - 205	<b>200 - 205</b> 3
Baltic Sea Spot	USD/t	300	178	209	191	217 - 222	205 - 207	178 - 190	<b>188 - 193</b> 7
Bulgaria/Croatia/Romania Spot <sup>1</sup>	USD/t	325	205	225	215	230 - 235	210 - 215	205 - 212	<b>212 - 217</b> 6
Middle East Spot <sup>1</sup>	USD/t	315	193	212	198	215 - 222	205 - 210	193 - 198	<b>195 - 200</b> 2
Indonesia Spot <sup>1</sup>	USD/t	308	198	215	201	222 - 227	205 - 210	198 - 203	<b>198 - 203</b> 0
US New Orleans barge Spot	USD/st	318	230	234	230	230 - 230	230 - 230	230 - 230	<b>230 - 230</b> 0
<b>Prilled Bulk CFR</b>									
Mediterranean (duty paid) Spot	USD/t	345	212	236	218	245 - 253	222 - 227	212 - 217	<b>215 - 220</b> 3
India Spot <sup>2</sup>	USD/t	319	254	256	256	254 - 257	254 - 257	254 - 257	<b>254 - 257</b> 0
Vietnam Spot <sup>1</sup>	USD/t	323	211	233	213	238 - 243	222 - 227	218 - 223	<b>211 - 215</b> -8
Philippines Spot <sup>1</sup>	USD/t	328	218	237	221	242 - 247	227 - 232	222 - 227	<b>218 - 223</b> -4
EC Central America Spot <sup>1</sup>	USD/t	328	210	229	213	233 - 238	222 - 227	213 - 218	<b>210 - 215</b> -3
Brazil Spot <sup>1</sup>	USD/t	323	195	217	198	225 - 230	208 - 213	195 - 200	<b>195 - 200</b> 0
<b>Granular Bulk FOB</b>									
US New Orleans barge Spot	USD/st	380	179	199	196	198 - 204	179 - 202	190 - 199	<b>187 - 204</b> 1
Black Sea Spot <sup>1</sup>	USD/t	327	195	220	203	225 - 228	212 - 217	195 - 200	<b>200 - 205</b> 5
Baltic Spot <sup>1</sup>	USD/t	325	192	220	203	225 - 230	215 - 220	192 - 197	<b>200 - 205</b> 8
Middle East (non US netback) Spot	USD/t	320	185	204	198	208 - 213	197 - 202	185 - 190	<b>195 - 200</b> 10
Middle East (US netback) Spot	USD/t	335	177	199	201	197 - 204	177 - 202	193 - 198	<b>197 - 204</b> 5
Middle East (all netbacks) Spot	USD/t	335	177	200	200	197 - 213	177 - 202	185 - 198	<b>195 - 204</b> 8
Iran Spot	USD/t	235	173	198	191	210 - 215	188 - 193	173 - 183	<b>188 - 193</b> 13
China Spot	USD/t	316	197	213	200	219 - 224	200 - 207	197 - 205	<b>197 - 202</b> -1
Egypt Spot	USD/t	355	215	237	215	243 - 243	225 - 235	224 - 226	<b>215 - 215</b> -10
Algeria Spot <sup>1</sup>	USD/t	365	219	242	220	247 - 249	229 - 242	228 - 232	<b>219 - 221</b> -10

# CRU Fertilizer Week

Commodity/Type	Unit	52 WK HIGH	52 WK LOW	JAN 2016	FEB 2016	14 JAN	21 JAN	28 JAN	04 FEB	W-on-W
North Africa Spot <sup>1</sup>	USD/t	365	215	240	218	243 - 249	225 - 242	224 - 232	215 - 221	-10
Malaysia Spot <sup>1</sup>	USD/t	320	200	214	203	215 - 220	200 - 210	200 - 205	200 - 205	0
Indonesia Spot <sup>1</sup>	USD/t	320	200	214	203	215 - 220	200 - 210	200 - 205	200 - 205	0
Venezuela/Trinidad Spot <sup>1</sup>	USD/t	335	200	217	203	215 - 227	215 - 227	200 - 205	200 - 205	0
US Midwest Spot	USD/st	420	235	257	248	255 - 270	240 - 265	235 - 260	235 - 260	0
US Great Lakes Spot	USD/st	400	260	264	263	260 - 265	260 - 265	260 - 265	260 - 265	0
US Southern Plains Spot	USD/st	410	240	256	245	250 - 260	250 - 255	240 - 250	240 - 250	0
US Arkansas River Spot	USD/st	410	240	253	243	250 - 260	250 - 255	240 - 250	240 - 245	-2
US Texas Coast Spot	USD/st	390	245	258	248	260 - 260	255 - 255	245 - 250	245 - 250	0
US South Spot	USD/st	400	255	261	255	265 - 265	255 - 255	255 - 255	255 - 255	0
US East Coast Spot	USD/st	390	265	269	268	265 - 270	265 - 270	265 - 270	265 - 270	0
Twin Cities Spot	USD/t	280	260	268	260	265 - 270	260 - 265	260 - 260	260 - 260	0
<b>Granular Bulk CFR</b>										
SE Asia Spot <sup>1</sup>	USD/t	330	196	220	200	225 - 235	200 - 215	198 - 207	196 - 203	-3
South Korea Spot <sup>1</sup>	USD/t	333	200	222	202	223 - 230	212 - 217	202 - 207	200 - 204	-3
Brazil Spot <sup>1</sup>	USD/t	343	195	218	200	228 - 233	208 - 213	195 - 200	195 - 205	2
Mediterranean (duty paid) Spot <sup>1</sup>	USD/t	377	214	242	232	245 - 255	218 - 230	214 - 232	228 - 236	9
<b>Granular Bulk DEL</b>										
US Northern Plains Spot	USD/st	420	280	293	280	300 - 300	280 - 280	280 - 280	280 - 280	0
US California Spot	USD/st	410	330	340	340	330 - 350	330 - 350	330 - 350	330 - 350	0
US Pacific NW Spot	USD/st	420	350	355	355	350 - 360	350 - 360	350 - 360	350 - 360	0
Canada West Spot	CAN/t	625	450	500	500	500 - 500	500 - 500	500 - 500	500 - 500	0
<b>Granular Bulk FCA</b>										
France Spot	EUR/t	344	217	242	221	247 - 253	225 - 230	222 - 227	217 - 225	-4
<b>Prilled Bagged EXW</b>										
China North Spot	RMB/t	1720	1180	1233	1215	1200 - 1280	1180 - 1250	1180 - 1250	1180 - 1250	0

Notes: (1) Indicative Price (2) No Recent Business

## WEEKLY FREIGHTS

### UREA<sup>1</sup>

Commodity/Route	Unit	52 WK HIGH	52 WK LOW	JAN 2016	FEB 2016	14 JAN	21 JAN	28 JAN	04 FEB	W-on-W
<b>UREA</b>										
Yuzhnyy - Turkey 10-15,000 mt 8,000c / 3,000c	USD/t	21	11	13	12	12 - 14	11 - 13	11 - 13	11 - 13	0
Yuzhnyy - Mundra 55-60,000 mt 10,000c / 10,000c	USD/t	24	14	16	15	15 - 17	15 - 17	15 - 17	14 - 16	-1
Yuzhnyy - WC India 35-45,000 mt 10,000c / 10,000c	USD/t	29	17	19	18	18 - 20	18 - 20	18 - 20	17 - 19	-1
Yuzhnyy - Brazil 25-30,000 mt 8,000c / 5,000c	USD/t	24	12	14	13	14 - 16	14 - 16	13 - 15	12 - 14	-1
Yuzhnyy - EC Mexico 25-30,000 mt 8,000c / 3,000c	USD/t	26	13	15	14	14 - 16	14 - 16	14 - 16	13 - 15	-1
Yuzhnyy - WC Mexico 25-30,000 mt 8,000c / 4,000c	USD/t	43	24	26	25	25 - 27	25 - 27	24 - 26	24 - 26	0
Baltic - WC India 35-45,000 mt 8,000c / 10,000c	USD/t	39	21	22	22	22 - 24	22 - 24	21 - 23	21 - 23	0
Baltic - Brazil 25-30,000 mt 8,000c / 5,000c	USD/t	26	12	14	13	13 - 15	13 - 15	13 - 15	12 - 14	-1
Baltic - EC Mexico 25-30,000 mt 8,000c / 3,000c	USD/t	25	13	14	14	13 - 15	13 - 15	13 - 15	13 - 15	0
Baltic - WC Mexico 25-30,000 mt 8,000c / 4,000c	USD/t	42	24	25	25	24 - 26	24 - 26	24 - 26	24 - 26	0
Middle East - WC India 15-25,000 mt 6,000x / 6,000x	USD/t	14	7	8	8	7 - 9	7 - 9	7 - 9	7 - 9	0
Middle East - Vietnam 20-25,000 mt 6,000x / 2,500x	USD/t	23	11	13	12	12 - 14	12 - 14	11 - 13	11 - 13	0
Middle East - Miss River, US 40-45,000 mt 6,000x / 8,000c	USD/t	25	12	13	13	12 - 14	12 - 14	12 - 14	12 - 14	0
North China - EC India 20-25,000 mt 3,000c / 5,000x	USD/t	26	11	13	13	12 - 14	12 - 14	11 - 13	12 - 14	1

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Commodity/Route	Unit	52 WK HIGH	52 WK LOW	JAN 2016	FEB 2016	14 JAN	21 JAN	28 JAN	04 FEB	W-on-W
China - US Gulf 50-55,000 mt 5,000c / 10000c	USD/t	23	7	9	10	8 - 10	9 - 11	9 - 11	9 - 11	0
Egypt - US Gulf 40-45,000 mt 6,000x / 8000c	USD/t	19	9	10	10	9 - 11	9 - 11	9 - 11	9 - 11	0

Notes: (1) Freight rates are supplied by Bery Maritime: + 47 23 11 35 00 (Norway) / +86 755 2689 7049 (China) / +65 6236 2580 (Singapore) / E-mail: bery@bery.no. While Bery Maritime makes all reasonable efforts to ensure the reliability of the data, it does not guarantee its accuracy nor take liability for any direct, indirect or consequential loss arising from any use of the data.

## MONTHLY FORECASTS

### Urea

Commodity/Type	Unit	JAN 2016 [Actual]	FEB 2016	MAR 2016	APR 2016	MAY 2016	JUN 2016	JUL 2016
<b>UREA</b>								
<b>Prilled Bulk FOB</b>								
Black Sea Spot	USD/t	214	180	195	210	205	200	180
Baltic Sea Spot	USD/t	209	165	180	200	195	190	170
Middle East Spot	USD/t	212	180	190	210	205	200	180
China Spot <sup>1</sup>	USD/t	212	185	195	200	200	200	180
<b>Granular Bulk FOB</b>								
Middle East Spot (all netbacks)	USD/t	200	180	195	220	220	210	180
Egypt Spot	USD/t	237	220	230	240	240	230	200
US New Orleans Spot barge	USD/st	199	195	205	225	220	205	175

Notes: (1) China Urea tax = Flat RMB 80/mt January 1-December 31. VAT at 13% is incorporated from September for both

## ANALYSIS

### Undertone firmer on prospects of pent-up demand

A firmer undertone was evident in global urea markets as the first week of February progressed, albeit after some downward adjustments from select sources. The January slide in prices from all origins has halted, and some improvements were registered in delivered values, which in turn prompted more buyers to reappear for coverage.

Priced substantially above other sources, Egyptian producers did concede a discount of around \$9/mt on deals concluded at \$224/mt FOB last week, but producers are since claiming to have recaptured the lost ground. Outages in Egypt on a ruptured pipeline were initially expected to fuel substantial price-increases, but a rapid return to normality will likely limit prospects for significant improvement in the short term.

European values also lost some ground based on sales concluded last week from the Middle East and poorer returns on US sales to regional producers at that time, but the reversal in the US pricing has since provided better netbacks and boosted expectations for further gains.

The US has been and remains the key market in supporting a change in direction so far. Prompt granular urea barge values at New Orleans gained \$17/st from the start of the week to the end, although the average week over week rose only \$1/st. However, forward physical sales for late February and March reached

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\$208/st FOB. Overall US traders were marginally bullish on granular urea heading into next week's annual TFI Business Meeting in Orlando, Florida.

More optimism has also spilled over to FSU supply of granular urea. After failing to achieve interest much above \$190/mt FOB in prior sessions, GrodnoAzot opted to reject bids more than \$10/mt higher in its February 1 tender, and is aiming for more when retendering February 5 for the sale of 20,000 mt.

Brazilian prices for granular urea have improved on the back of firmer US sentiment, and suppliers are optimistic that relatively inexpensive credit available to small and mid-sized farms will combine with significantly higher corn prices in the domestic market to stimulate forward offtake and imports of urea.

Other importers in the Americas also appear to have sensed that urea values may be closer to a floor, and have emerged with requirements for prompt and forward positions of prilled and granular urea. Prices are being tested this week for both grades in Mexico, while buying interest also reappeared for granular imports from Canada.

Markets and supply-sources in Asia have been relatively quiet leading up to celebrations and holidays for lunar New Year, but buyers needing to cover short positions for prompt loading did have to concede higher costs to secure cover.

While too early to predict a major surge in prices, traders that shorted prills and granular urea at netbacks some \$20/mt below current values appear unlikely to secure cover at a margin on positions that need to load by March, and some positions could well result in substantial losses.

## Highlights of the week

- US NOLA prompt and forward prices gained all week, and
- Inland distributors can support \$5-10/st higher barge costs even without raising inland prices
- Brazilian buyers face higher offers, accordingly, and are left with few options but to accept
- Middle East netbacks up on US and Brazilian improvements and spot sales
- Egyptian prices adjust lower via sale of 20,000 mt for prompt loading
- Baltic prices surge as traders cover in, and prior short sales look scary
- Black Sea values stable to firm and traders unwilling to add aggressive shorts
- Chinese domestic market quiet ahead of lunar New Year, but demand is up
- Chinese sellers reject bid to cover prior low-priced trader shorts
- Turkish prices set to move up as traders are unwilling to provide additional aggressive quotes

## Short term outlook

*Improving.* Oversupply remains, but the return of buyers needing to cover pent-up demand is set to influence prices positively in the short term. A price-rally is not in the cards yet, but cannot be excluded if demand from the US remains strong and Brazilian developments trigger added purchasing in the region.

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## MARKETS

### UREA

#### NORTH AMERICA

## US Midwest: Prices hold for remaining urea

Granular urea bins at the distributor and retail level across the Midwest are exhausted in many cases. Increasingly quotes to retailers are not based on prompt pick up, but on when warehouses can be restocked by barge when the upper Mississippi River system reopens for the spring.

This situation is why prompt offers for the remaining granular urea as far north as the Twin Cities in Minnesota are holding at \$260/st FOB, while river-open prices for the same point are closer to \$250/st FOB. The lowest prompt price tag in the Midwest region remains \$235/st FOB around St. Louis, Missouri, which still is accessible by barge.

## Canada: Coop Federee purchase suggested

Canadian importer Coop Federee is reported to have booked a cargo of 20-25,000 mt granular urea with a trader supplying from the Baltic in February or early March at \$212/mt CFR basis one-port discharge.

Evidently convinced that the market for granular urea may have reached a floor, the importer is suggested to be seeking an additional cargo for March loading.

## US NOLA: Thin trading, wide price spread

By the end of the week's trading, prompt granular urea barges had changed hands at \$187-204/st FOB New Orleans, but with the market trending higher on almost each transaction.

New Orleans values jumped starting February 2 after CF went shopping for prompt barges. The producer paid \$198/st FOB New Orleans or more for two-four barges, but stepped away from the market when offers rose to \$200/st FOB.

Multiple sales were confirmed as low as \$187/st FOB February 1, but most prompt business appears to have occurred around \$195-200/st FOB.

Bids for 2H February started the week at \$194/st FOB, but forward business has been booked up to \$208/st FOB.

### Import lineup

Meanwhile, a 40-45,000 mt cargo of granular urea and a 30-35,000 mt cargo of granular urea have been booked for March arrival in the US. The urea was bought at \$195-200/mt FOB Middle East. The smaller of the two cargos is believed to belong to Keytrade, and will arrive in early March, thanks to taking the short route through the Suez canal. The larger cargo has been linked to just about every importer to the US market, but confirmation of ownership could not be secured at press time.

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Previously Koch was confirmed as owning a spot Chinese panamax due into New Orleans at the end of March, while Drey Moor will bring a PIC 40,000 mt contract cargo to the US Gulf next month.

## Mexico: Group testing prices February 4

The Mexican Group of Importers is evaluating offers for 25,000 mt prilled or granular urea February 4. The enquiry called for offers to be submitted for the quantity to load in February/early March for discharge at three East Coast Mexico ports.

Other importers are also contemplating purchases, and will be following the Group tender closely for price guidance.

Mexican imports of urea from January through November were meanwhile assessed by customs at 1.43 million mt, down by 0.5% on the same period in 2014.

Imports from China were down by 5.9% to 756,000 mt and Russia was off by 1.2% to 484,000 mt. Arrivals from the UAE were up from zero to 52,000 mt while Ukraine was down by 52% to 43,400 mt.

November imports were off sharply from 149,000 in 2014 to 19,000 mt in 2015. Russia accounted for 18,200 mt of the November 2015 volume while arrivals from China were down from 127,000 mt in 2014 to 140 mt in 2015.

### Urea Imports

Month	Year			Comparative (%)	
	2015	2014	2013	2015/14	2014/13
Mexico (Mt)					
January	55,017	55,313	93,052	-0.5%	-40.6%
February	40,751	91,135	113,677	-55.3%	-19.8%
March	119,717	53,037	122,051	125.7%	-56.5%
April	189,411	109,181	63,056	73.5%	73.1%
May	164,632	103,323	125,419	59.3%	-17.6%
June	213,821	224,680	146,614	-4.8%	53.2%
July	228,237	180,601	167,231	26.4%	8.0%
August	220,909	160,209	122,905	37.9%	30.4%
September	90,535	98,878	129,725	-8.4%	-23.8%
October	87,385	210,242	34,842	-58.4%	<>
November	19,419	149,723	139,053	-87.0%	7.7%
December		50,838	47,026		8.1%
Year to date	1,429,834	1,436,322	1,257,625	-0.5%	14.2%
Total	NA	1,487,160	1,304,651		14.0%
Source: Global Trade Information Services				www.gtis.com	

Source: Global Trade Information Services

www.gtis.com

## US S. Plains: Sales may support higher prices

Some distributors along the Arkansas River who have sold most of their granular urea at \$240/st FOB in recent days, believe demand is sufficient to move back up to \$245/st FOB.

Many sellers in the region report a steady stream of retail demand, almost all of which appears to have been sold to meet prior sales to farmers. This means a great deal of retailer space remains to be filled before the top-dress run on winter wheat gets underway in force.

### CENTRAL AND SOUTH AMERICA

## Brazil: Credit and domestic corn values to aid imports

As was highlighted in the February 2 *Short Term Urea Forecast*, optimism for additional demand for fertilizers in Brazil, particularly of urea, is fuelled following an announcement made by the Brazilian government in conjunction with Banco do Brasil (Bank of Brazil) regarding available credit.



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Up to Brazilian Real (BRL)10 billion (\$2.51 billion) in credit were to be made available to farmers from February 1, according to Brazilian media channel Canal Rural.

Small to medium sized farmers can receive loans for input purchasing through the National Program to Help Medium Sized Rural Producers (PRONAMP). With credit issues now resolved at rates of 7.75% p.a. for loans up to BRL 710,000 (\$178,000) and at 8.75% for loans up to BRL 1.2 million (\$300,000), farmers will have a highly significant advantage compared to rates charged by commercial banks in excess of 20% p.a.

The early credit announcement follows complaints in 2015 that credit was not available until May/June, significantly cutting farm budgets and fertilizer demand. Brazilian calendar 2015 urea imports of 2.85 million mt were down by about 32.5% on 2014, according to GTIS customs data. The decline was mainly attributed to these credit issues and the sinking value of the real against the US dollar.

On a further positive note for Brazilian farmers, domestic corn prices have surged substantially despite the sideways move in international corn values. Corn prices for domestic buyers in Rio Grande do Sul where farmers have harvested about 20% of the full-season crop are up by 45%. This is primarily due to a surge in corn exports, triggered via the significant depreciation of the Brazilian currency. Domestic livestock producers have faced shortages of corn due to the increase in exports, forcing values higher.

Favourable prices are expected to increase forward corn-planting. Farmers in southern Brazil have been reducing full-season corn acreage over the past decade in favour of more first-crop soybeans. Consequently, more than 65% of Brazil's corn crop is now produced as a second crop planted after soybeans.

## Brazil: Prompt values move higher

Delivered values for granular urea to arrive in February/early March are up this week following confirmed purchases ranging from a repeat of last week's \$195/mt CFR up to \$205/mt CFR.

The earlier Fertipar deal for 40,000 mt at numbers suggested in the upper \$180s/mt CFR is based on open origin and furthermore with an option to load as late as May/June. Trammo is still suggested as the supplier.

Offers for additional cargoes for forward delivery are pegged no lower than \$210/mt CFR, but these are yet to elicit firm buying interest.

## Colombia: Imports through November off slightly

January-November imports of urea into Colombia of 489,000 mt were down by about 1.4% on the same period in 2014.

Arrivals from China in 2015 were down by 8% and Venezuela was off by 14% to 169,000 mt and 142,000 mt, respectively. Russia was up 22% to 93,000 mt, UAE was up from zero to 45,000 mt while Venezuela suffered 56% setback to 18,600 mt.

November imports were down by 54% on the prior year, to reach 46,300 mt in 2015. China accounted for 27,000 mt (down 48%) and Venezuela was at 18,600 mt (down 56%).

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## Urea Imports

Month	Year		Comparative (%)		
	2015	2014	2013	2015/14	2014/13
<b>Colombia (Mt)</b>					
January	34,461	32,384	26,671	6.4%	21.4%
February	12,144	46,049	22,628	-73.6%	103.5%
March	24,404	31,520	21,402	-22.6%	47.3%
April	38,152	59,419	56,828	-35.8%	4.6%
May	48,701	22,854	36,830	113.1%	-37.9%
June	86,189	52,312	24,504	64.8%	113.5%
July	27,688	45,729	23,973	-39.5%	90.8%
August	71,852	26,404	84,334	172.1%	-68.7%
September	50,018	54,758	32,746	-8.7%	67.2%
October	48,812	22,660	41,762	115.4%	-45.7%
November	46,280	101,632	37,004	-54.5%	174.7%
December		45,861	32,385		41.6%
Year to date	488,701	495,721	408,682	-1.4%	21.3%
Total	NA	541,582	441,067		22.8%

Source: Global Trade Information Services

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## FORMER SOVIET UNION (FSU)

### Baltic Sea: Grodno to retender as prices move up

GrodnoAzot opted not to accept bids at a \$200-202/mt FOB Klaipeda equivalent in its February 1 tender to sell 15,000 mt granular urea for prompt loading from the plant, and has issued a revised tender to close February 5 for 20,000 mt.

The producer is seeking netbacks above \$210/mt FOB Klaipeda equivalent, which contrasts netbacks available from recent business in Canada, reported at \$212/mt CFR to Coop Federee for a \$190/mt FOB return to the seller, at best.

Grodno has meanwhile withdrawn from the export market for prills, preferring to concentrate on sales to the domestic market at returns well in excess of a \$200/mt FOB equivalent, according to the producer.

Prilled values are also up via sales to traders short on prior sales. Producers claim netbacks ranging from \$188/mt FOB to \$193/mt FOB. The high end reflects deals done for prills to load in combination with other products such as DAP and NPKs.

The low end of the range is up sharply on returns in recent sales to Turkey, reported in prior *Fertilizer Week* issues, that would generate netbacks in the low \$160s/mt FOB.



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## Russia: November exports up, but Jan-Nov declines

Russian producers exported 513,000 mt urea in November 2015, up 20.2% on November 2014. Shipments to Brazil of 121,000 mt were nevertheless down by 45%, but Turkey was up from 3,300 mt to 67,000 mt. Peru and Guatemala accounted for about 40,000 mt each, up from zero in November 2014.

January-November exports of 4.3 million mt were however off by 8.9% on the same months in 2014. Brazil retained the lead with 1 million mt, but this was down by 12.7% on the prior year. Shipments to the US were up 28% to 591,000 mt while Turkey did not yet fully recover with 272,000 mt, a 3.1% decline.

Peru accounted for 206,000 mt, a 21% decline, and Germany was off by 21.4% to 198,000 mt. Ukraine was ahead 24.3% to 190,000 mt while shipments to Mexico declined 58% to 160,000 mt.

### Urea Exports

Month	2015	Year 2014	2013	Comparative (%)	
				2015/14	2014/13
<b>Russia (Mt)</b>					
January	134,955	281,891	462,141	-52.1%	-39.0%
February	429,770	389,308	385,399	10.4%	1.0%
March	458,566	681,819	474,357	-32.7%	43.7%
April	364,431	367,310	541,279	-0.8%	-32.1%
May	364,170	537,170	388,198	-32.2%	38.4%
June	601,467	569,424	549,589	5.6%	3.6%
July	235,413	397,997	340,526	-40.9%	16.9%
August	296,677	310,245	460,980	-4.4%	-32.7%
September	564,580	472,639	276,737	19.5%	70.8%
October	342,178	292,150	327,229	17.1%	-10.7%
<b>November</b>	<b>513,438</b>	<b>427,003</b>	<b>354,223</b>	<b>20.2%</b>	<b>20.5%</b>
December		569,104	631,604		-9.9%
<b>YTD</b>	<b>4,305,645</b>	<b>4,726,956</b>	<b>4,560,658</b>	<b>-8.9%</b>	<b>3.6%</b>
<b>Total Year</b>		<b>5,296,060</b>	<b>5,192,262</b>		<b>2.0%</b>

Source: Global Trade Information Services

www.otis.com

## Black Sea: Trade still lacks substantial drive

Trade in prilled urea from Yuzhny/TIS remains slow following sales as reported last week. Neither sellers nor buyers are prepared to make the necessary adjustments in price ideas needed to trigger additional deals in the short term, but sellers have the definite upper hand as requests for cover from traders increase.

Offers for February from producers and marketers were firmly above \$195/mt FOB at the beginning of the week, with trades confirmed at \$200/mt FOB. March is quoted no lower than \$205/mt FOB, and firm bids are suggested at that number. The weekly range has been set accordingly.

Various estimates circulate on the pricing in the deal between Salavat and EuroChem pursuant to the Salavat tender last week. While unconfirmed, consensus is building for a number around an even \$180/mt FOB Tuapse or possibly marginally higher.

Salavat prills regularly sell at a significant discount to regular Black Sea prills due to quality issues, and the sales-price is therefore not included in the week's Black Sea assessment. The level accepted by the producer is nevertheless widely used in negotiations for regular quality material, but efforts to that effect are being rejected by sellers.

January shipments from Yuzhny/TIS did meanwhile marginally exceed 100,000 mt, and shipments plus fully firm nominations for February are close to 23,500 mt:

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## Urea Line-up: January 2016

Vessel	Quantity	Trader	Country	Status
<b>Black Sea/mt</b>				
Elit	11,000	Ameropa	Turkey	Sailed 05 Jan
Bakan (1)	5,500	Trammo	Romania	Sailed 05 Jan
Serra Atasoy	3,675	Ameropa	Turkey	Sailed 10 Jan
Harmony S	5,496	Ameropa	Italy	Sailed 13 Jan
YM Hazar	2,670	Nitora	Turkey	Sailed 14 Jan
Taylan Kalkavan(1)	4,100	Trammo	Turkey	Eta 14 Jan
Ilyas Konan	3,672	Ameropa	Turkey	Sailed 16 Jan
Sinan Atasoy (1)	3,300	Trammo	Turkey	Sailed 16 Jan
Gulizar Ana	3,000	Koch	Romania	Sailed 19 Jan
Harun Konan (1)	2,700	Trammo	Turkey	Sailed 20 Jan
Dilek	3,295	Keytrade	Israel	Sailed 21 Jan
Patria (2)	15,000	Ameropa	Ivory Coast	Sailed 21 Jan
Erge	4,150	Vertiqal	Albania	Sailed 22 Jan
Ivy	2,625	Ameropa	Algeria	Sailed 23 Jan
Suurhusen. S (1)	3,756	Ameropa	Albania	Sailed 24 Jan
Sultan Atasoy	4,400	Trammo	Italy	Sailed 27 Jan
Sedna (1)	3,850	Trammo	Turkey	Sailed 30 Jan
Navin Eagle	5,500	Actatrade	Romania	Sailed 30 Jan
Garip Baba	7,000	Koch	Italy	Sailed 31 Jan
Paksoy 1	5,743	Trammo	Turkey	Sailed 31 Jan
<b>Total</b>	<b>100,432</b>			

(1) TIS DneproAzot; (2) 10,000 mt OPZ + 5,000 mt TIS DneproAzot

## Urea Line-up: February 2016

Vessel	Quantity	Trader	Country	Status
<b>Black Sea/mt</b>				
Serra Atasoy	3,675	Ameropa	Turkey	Sailed 01 Feb
Tip Emden	5,500	Ameropa	Romania	Sailed 03 Feb
Umit G (1)	3,300	Trammo	Romania	Loading Sailing 04 Feb
Muzaffer Bey (1)	4,400	Ameropa	TBN	Eta 04 Feb
Paksoy 1(1)	6,600	Ameropa	TBN	Eta 06/07 Feb
<b>Total</b>	<b>23,475</b>			

(1) TIS DneproAzot

# CRU Fertilizer Week

## EUROPE

### Turkey: Buyers largely retreat after recent purchases

Seemingly covered via purchases of more than 230,000 mt as highlighted in prior issues, Turkish buyers are not out in force again this week.

Gubretas is evaluating offers received in its February 4 tender for 10,000 mt for prompt loading for Yarimca, but a decision is not expected to emerge before February 5. Details on offers submitted were not released, but repeat deals below \$200/mt CFR with credit are highly unlikely given current quotes from the Black Sea around that number on FOB basis with payment at sight.

### France: French Bay values down by about €5/mt

Trades in granular urea in the French Bay this week were concluded in a relatively wide spread at €217-225/mt FCA, with the most recent deals done at the low end of the range.

The low end reflects about \$230/mt CIF, duty paid, which in turn suggests values from Egypt some \$10/mt below the most recent sale at \$215/mt FOB.

## MIDDLE EAST AND AFRICA

### Middle East: Outlook improving via sales formula deals

Middle East producers are enjoying improvements in returns on spot sales and on quantities priced via formulae, with the netbacks from markets assessed at \$195-204/mt FOB.

Contract cargoes destined for Thailand are about \$10/mt lower based on spot sales into that market below \$200/mt CFR, but that number appears very unlikely to be repeated in the short term.

Two traders are reported to have booked cargoes from Oman for February/early March loading at \$195/mt FOB and \$200/mt FOB, respectively, and SIUCI has adjusted offers for additional March availability to \$205/mt, according to traders in discussions with the producer.

US prices that surged to a peak of \$204/st FOB barge at New Orleans over the week would provide sellers with returns around \$218/mt CIF Mississippi River. Forward deals were also concluded some \$5-7/mt lower, for netbacks at \$197-204/mt FOB Middle East after deduction of freight, charges and a small margin to intermediaries on cargoes with freight fixed in the spot market.

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## South Africa: December imports up, calendar year lower

South African urea importers took delivery of 63,900 mt in December 2015, an increase of 28.5% on December 2014. UAE arrivals of 27,000 mt were up by 47% while China and Saudi Arabia were up from zero to 24,500 mt and 12,500 mt, respectively. Qatar was down from 26,000 mt in November 2014 to zero in 2015.

Calendar 2015 imports were nevertheless down by almost 27% on 2014, to 663,000 mt. Qatar retained the lead with 231,000 mt, a 1.6% decline, while arrivals from Saudi Arabia were down 11% to 184,000 mt. The UAE accounted for 141,000 mt, up from 45,000 mt in the prior year.

Russian arrivals were down 15% to 28,000 mt while China nosedived from 236,000 mt in 2014 to 25,000 mt in 2015, and Oman was off by 73% to 22,000 mt.

### Urea Imports

	Year			Comparative (%)	
Month	2015	2014	2013	2015/14	2014/13
South Africa (Mt)					
January	51,825	39,920	59,662	29.8%	-33.1%
February	22,272	48,575	30,980	-54.1%	56.8%
March	120	17,398	33,302	-99.3%	-47.8%
April	25,113	49,490	635	-49.3%	<>
May	62,307	27,821	25,347	124.0%	9.8%
June	34,864	68,145	16,225	-48.8%	<>
July	103,107	61,580	141,792	67.4%	-56.6%
August	83,848	132,091	90,487	-36.5%	46.0%
September	89,211	106,025	69,089	-15.9%	53.5%
October	94,715	189,836	70,829	-50.1%	168.0%
November	31,582	114,549	85,451	-72.4%	34.1%
December	63,900	49,713	61	28.5%	<>
Total	662,864	905,143	623,860	-26.8%	45.1%

Source: Global Trade Information Services

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## Egypt: New sale at lower number

Mainstream bids for granular urea from traders are in the low \$210s/mt FOB, but these are rejected by producers. Suppliers are stating firm intent not to concede numbers below the \$215/mt FOB low concluded for a spot prompt 20,000 mt this week, and also cite significant demand at substantially higher returns in the domestic free-trade market.

A subsequent sale at \$220/mt FOB has been reported, but this could not be verified and has not been included in the week's assessment.

HFC is planning to tender next week for the sale of as much as 30,000 mt granular urea to load by the end of February, and other producers are likely to follow with tenders.

MOPCO reported this week that the rupture/explosion that occurred January 25 on the PetroGas pipeline between Port Said and Damietta feeding the MOPCO I, II and III ammonia and urea units interrupted all output of urea. The producer expects pipeline repairs to be completed within about 10 days, and regular flow of urea to recommence around February 15.

MOPCO is confident that gas supply to its plants at Damietta will be not interrupted this summer in favour of power generation.

New LNG import facilities and the need for Egypt to draw in foreign currency from export sales will keep summer operating rates around 70-75%, the company said in Cairo.

The government plans as many as three new LNG regasification terminals over the next two years, taking the total to five. The three new terminals are all planned for the Red Sea coast.

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The Damietta pipeline incident had limited impact on other producers. Egyfert (EFC) is reporting output at about 80% of rated capacity and Alexfert (AFC) is at 85%. Helwan (HFC) reported February 3 that output was restored after a 72 hour outage, and the plant is now running at 90% of rated capacity.

## INDIAN SUBCONTINENT

### India: November imports down, but Jan-Nov up

Imports of urea by India ascertained by customs in November 2015 were 620,000 mt, a 51% drop on November 2014, but Iranian arrivals were up from 33,000 mt to 311,000 mt.

Chinese arrivals were down from 1.16 million mt in November 2014 to 169,000 mt in 2015 while Oman was up 71% to 134,000 mt.

The January-November volume was nevertheless up by 59% to 8.66 million mt with China in the lead at 4.6 million mt, an increase of 27%. Omani arrivals were up by 58% to 2.07 million mt and Iran was up from 407,000 mt to 1.62 million mt.

Imports from Ukraine were 118,000 mt and Qatar accounted for 71,000 mt.

#### Urea Imports

Month	Year			Comparative (%)	
	2015	2014	2013	2015/14	2014/13
India (Mt)					
January	781,378	591,346	1,247,870	32.1%	-52.6%
February	832,481	160,901	406,442	<>	-60.4%
March	729,148	209,382	372,663	248.2%	-43.8%
April	823,068	736,318	194,315	11.8%	278.9%
May	514,275	713,742	416,989	-27.9%	71.2%
June	342,422	152,958	638,224	123.9%	-76.0%
July	972,470	102,556	713,956	<>	-85.6%
August	925,549	386,166	1,205,850	139.7%	-68.0%
September	924,371	576,725	971,916	60.3%	-40.7%
October	1,199,452	549,049	916,008	118.5%	-40.1%
November	619,741	1,277,922	620,560	-51.5%	105.9%
December		1,839,019	939,446		95.8%
Year to date	8,664,355	5,457,065	7,704,793	58.8%	-29.2%
Total	NA	7,296,084	8,644,239		-15.6%

Source: Global Trade Information Services

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## ASIA AND OCEANIA

### Indonesia: Kaltim formula tender yet to be floated

The expected Pupuk Kaltim tender for the sale of up to 500,000 mt granular urea to load via formula contracts through June is yet to be floated by the new management of the producer.

Local reports suggest that Kaltim low regional prices in recent weeks may result in a switch from urea exports to ammonia exports, but this is yet to be confirmed.

With regional urea values improving slightly while prices for ammonia continue to decline, urea may again become the favoured product. That will however be contingent on further increases to match Kaltim's costs assessed above \$230/mt FOB which form part of the formula agreements with urea offtakers.

### China: Market defies short traders

Activity in China is at low ebb due to the regional lunar New Year festivities, but prices for prilled and granular urea have been moving up in recent days, triggered not only by domestic demand for blending and

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direct application, but also by traders short on prior sales seeking cover for relatively prompt shipment for export.

Sales of prills are reported back up to \$195/mt FOB, and standard quality granular has traded a fraction below \$200/mt FOB. Offers for additional February tonnage are suggested closer to \$205/mt FOB for both grades from main ports.

Smaller lots from river ports can still be secured in the low \$190s/mt FOB, according to regional traders, but bids from buyers attempting to cover prior shorts requiring values into the \$170s/mt to become profitable are being ignored/rejected.

## Thailand: Liven books granular

Liven booked a cargo of about 20,000 mt Middle East granular urea with a Thai importer for February loading. The trader did not disclose the price agreed, but local reports suggests a delivered value in the mid to upper \$190s/mt CFR.

This implies a producer-return in the low \$180s/mt FOB from the Middle East for Liven to generate a margin.

Offers are since up significantly for Middle East material, reflecting recent sales to other markets in the \$190s/mt FOB and forward quotes above \$200/mt FOB.

## Malaysia: NAFAS books prills from China

Malaysian importer/farmers' union NAFAS secured cover for 6,000 mt prilled urea for February loading for western Malaysia discharge around an even \$200/mt CFR, according to regional traders. Netbacks to Chinese suppliers from river-ports are assessed below \$185/mt FOB.

## South Korea: Sales of Chinese granular at low prices

Pricing slightly south of \$200/mt CFR is reported in the two tenders for granular urea in South Korea in the end-January tenders by Pungnong (6,000 mt) and KG Chemical (3,000 mt). Shipment was requested by 20-29 February in the sessions.

Freight and transaction charges are assessed marginally above \$15/mt. This is indicative of netbacks to sellers loading from small Chinese river-ports in the low \$180s/mt FOB, more than \$12/mt below current mainstream quotes for large parcels to load from main ports.



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## Philippines: Imports through October decline

October imports of urea by Philippine buyers of 56,800 mt were down by 49.4% on the 112,000 mt imported in October 2014. Arrivals from Malaysia were nevertheless ahead by 33% to 30,800 mt while China was off 63% to 22,700 mt.

The October arrivals lifted the January-October volume close to 590,000 mt, down by 3.8% on the prior year. China was ahead 2% to 275,000 mt, and arrivals from Qatar were up by 247% to 93,500 mt. Shipments originating in Indonesia and Saudi Arabia were down by 63% and 87% to 25,300 mt and 6,000 mt, respectively.

Urea Imports					
Month	Year			Comparative (%)	
	2015	2014	2013	2015/14	2014/13
<b>Philippines (Mt)</b>					
January	153,236	69,049	76,282	121.9%	-9.5%
February	98,817	46,281	18,188	113.5%	154.5%
March	32,929	33,696	33,042	-2.3%	2.0%
April	27,467	44,868	36,352	-38.8%	23.4%
May	50,641	31,183	71,690	62.4%	-56.5%
June	26,611	36,350	41,809	-26.8%	-13.1%
July	29,917	83,109	68,944	-64.0%	20.5%
August	43,445	94,873	85,686	-54.2%	10.7%
September	66,676	58,231	58,356	14.5%	-0.2%
<b>October</b>	<b>56,794</b>	<b>112,141</b>	<b>27,635</b>	<b>-49.4%</b>	<b>&lt;&gt;</b>
November		51,215	50,193		2.0%
December		89,149	68,759		29.7%
<b>Year to date</b>	<b>586,533</b>	<b>609,781</b>	<b>517,984</b>	<b>-3.8%</b>	<b>17.7%</b>
<b>Total</b>		<b>750,145</b>	<b>636,936</b>	<b>-100.0%</b>	<b>17.8%</b>

Source: Global Trade Information Services

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## New Zealand: Calendar 2015 imports up close to 10%

Calendar 2015 imports of urea into New Zealand of 598,000 mt were up by about 9.7% on calendar 2014, with Saudi Arabia in the lead with 346,000 mt, an increase of 3.1%.

This was followed by China with 115,000 mt, up by 1.5%. Arrivals from Malaysia were 61% ahead at 71,000 mt, and Indonesia was up 26% to 58,000 mt.

Imports in December 2015 of 75,800 mt were down 16.1% on December 2014, while arrivals from Saudi Arabia in December 2015 of 31,900 mt were off by 48%. China accounted for 28,800 mt, up from 204 mt in December 2014, but Malaysia was down by 48.4% to 14,200 mt.

Urea Imports					
Month	Year			Comparative (%)	
	2015	2014	2013	2015/14	2014/13
<b>New Zealand (Mt)</b>					
January	1,209	50,279	60,622	-97.6%	-17.1%
February	59,391	477	44,093	<>	-98.9%
March	89,397	69,443	61,031	28.7%	13.8%
April	31,416	27,311	21,109	15.0%	29.4%
May	1,594	51,263	443	-96.9%	<>
June	28,467	336	30,287	<>	-98.9%
July	31,508	31,604	48,663	-0.3%	-35.1%
August	57,292	26,167	58,775	118.9%	-55.5%
September	58,579	85,171	43,206	-31.2%	97.1%
October	101,897	56,527	96,257	80.3%	-41.3%
November	61,811	56,657	98,988	9.1%	-42.8%
<b>December</b>	<b>75,851</b>	<b>90,422</b>	<b>54,875</b>	<b>-16.1%</b>	<b>64.8%</b>
<b>Total</b>	<b>598,412</b>	<b>545,657</b>	<b>618,349</b>	<b>9.7%</b>	<b>-11.8%</b>

Source: Global Trade Information Services

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