FMB Weekly Ammonia Report – 26 March 2009
Week 12

© FMB Limited, England
Telephone (+44) 20 8979 7866 Fax: (+44) 20 8979 4573 Email: fmb@fmb-group.co.uk

Market quiet but stable, prices remain firm

Market activity was fairly quiet on the new sales front this week, with no new sales booked out of the Middle East or Yuzhny. A 10,000t sale from Kaltim to Philphos was reported to have been done before press time but this could not be confirmed by either the supplier or buyer.

Demand from Asia continues to be strong, particularly from AS and ACN producers, and suppliers into the region say there have been some delays delivering product to customers due to tighter supply across the region.

In the Middle East, supply continues to be fairly tight, with Iran running urea at near full-capacity for the domestic market. IPCC says it has only two ammonia cargoes scheduled for export until early-April, both of which are loading for Trammo.

The line-up into ports in the US looks fairly strong, and although tanks at terminals remain well-stocked there is some optimism that the early commencement of the direct application season will soon start to ease inventory levels.

MARKET SUMMARY

FSU

YUZHNY – Most Ukrainian producers are still looking for $350pt to return to the ammonia export market, and producers such as Stirol say they have no plans to restart ammonia production currently.

OPZ continues to offer limited excess ammonia to buyers. Latest prices paid at Yuzhny were at the $285pt level, based on business done last week by Trammo, thought to be for OPZ material. Trammo's Nijinsky was today loading 15,000t at the port.

Nitrochem says it has around 130,000t loading out of Yuzhny in April and has nominated the Hekabe and the Touraine (on a new 6 month charter for Nitrochem). The trader also has two large TBN vessels scheduled to load in late-April, both are expected to discharge in the US. In addition, the Nijinsky is expected to load tonnes from OPZ, and Yara will load around 30,000t on multiple shipments on the al-Majeedah.

Ammonia Price Guide
(US$ per tonne unless otherwise stated)

	26 Mar	19 Mar
Ammonia – fob		
Ventspils	237-292	237-292
Yuzhny	230-285	230-285
North Africa	225	225
Middle East	245-289	245-289
US Gulf dom (p.s.t. bge)	**280-320	**250-280
Caribbean	278	278
Ammonia – c+f		
NW Eur (duty unpaid)	277-332	277-332
NW Europe (duty paid/d free)	292-350	292-350
North Africa	**270-300	255-270
India	274	*274-284
Far East (excl Taiwan)	**280-320	250-300
Taiwan	**280-320	250-300
Tampa	318	318
US Gulf	323	323

* All formula / ** indicative / + old business
NM No Market

Yuzhny line-up March:

Vessel	Kt	Shipper/Destination	Mar
Bunga Kemboja	13,50	Yara	3
Hesiod	40,00	Yara/NW Europe	5
Herakles	19,00	Yara/Turkey	6
Hemina	20,00	Nitrochem/Tunisia	8
Havkong	36,00	Nitrochem/US	15
Al-Majeedah	13,00	Yara/ Turkey	18
Clipper Posh	20,00	Nitrochem/Morocco	25
Al-Majeedah	13,00	Yara/ Med + NW Eur	26
Nijinsky	15,00	Trammo/ Israel Greece	Loading
Hemina	35,00	Nitrochem/US	On roads
Total	**224.5**		

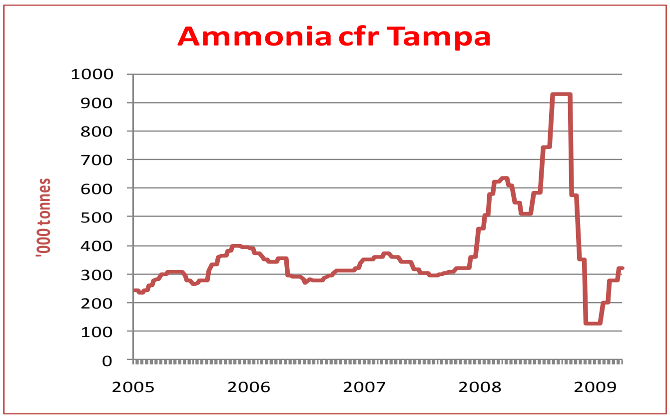
FMB Spot Sales Selection - 26 March 2009

Product	Origin	Seller	Buyer	Destn	'000t	$pt bulk	Shipmt
Ammonia	Ukraine	NA	Trammo	NA	15	285fob	April
	Indonesia	Mitsubishi	Mitsui	NA	8	300fob	End-March
	UAE	Fertil	Mitsui	Far East	8.5	289fob	2H Mar
	Ukraine	OPZ	Trammo	NA	15	250fob	2H Mar
	Saudi Arabia	Sabic	Trammo	NA	spot	205fob	Mar
	Saudi Arabia	Sabic	OCP	Morocco	20	260fob	Mar
	NA	PCS	NA	Tampa	15	275cfr Tampa	2H Mar
	Qatar	Qafco	Mitsui	NA	15	260fob	1H Mar
	Malaysia	Mitco	Mitsubishi	Korea	15	225fob	Early Mar
	Yuzhny	Nitrochem	Various	Europe/N Afr	70	200 fob	Feb
	Kuwait/UAE	Qatar	Koch	NA	25	200fob	2H February
	Russia	Nitrochem	Yara	NA	15.4	200fob	February
	Ventspils	NA	Trammo	NA	40	217-222 fob	February
	Russia	Nitrochem	Trammo	NA	20	200 fob	February
	Iran	IPCC	Yara	NA	25	189 fob	February
	Iran	IPCC	Ameropa	China	20	145 fob	February
	Ventspils	Uralchem	Trammo	NA	Spot	210-215pt fob	January
	NA	Mitsui	Yara	China	5	240pt fob	January
	Saudi Arabia	Sabic	Trammo	Turkey	23	123pt fob	January
	Saudi Arabia	Sabic	Mitsubishi	NA	23	125pt fob	January

Yuzhny line-up April:

Vessel	Kt	Shipper/Destination	Apr
Hekabe	35,00	Nitrochem	*5
Touraine	26,00	Nitrochem/Tunisia	*15
Total	**61**		

*Estimated arrival date **



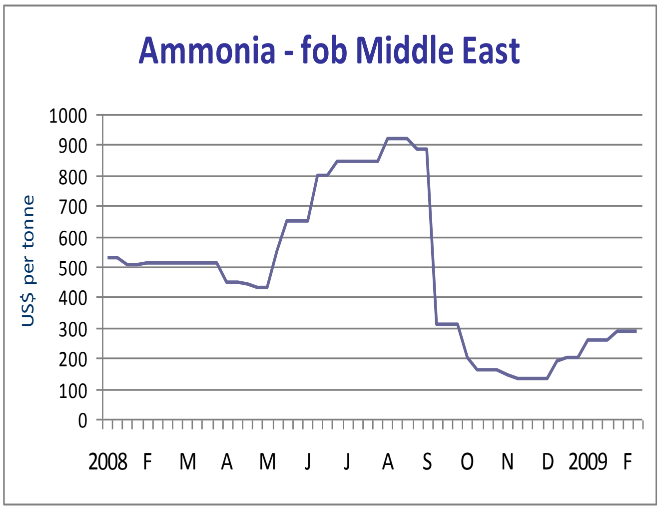
UZBEKISTAN – There are reports that Uzbek Chemical Industry is planning to build an ammonia plant in conjunction with a UAE company. The project will be mainly financed through foreign investment and loans and will have a 900,000tpa ammonia capacity, due to be complete by 2013. A carbamide facility is also planned and total cost of the two projects is estimated at $1.3bn.

MIDDLE EAST/AFRICA

IRAN – Trammo's Camberly was scheduled to sail with 23,500t from Assaluyeh today. Trammo's Anafi has also arrived at BIK, where it will load up to 23,400t.

QATAR – The Qafco 3 urea line has restarted, ammonia production will commence before end-March. Qafco has no product avails currently.

EGYPT – EBIC's 700,000tpa plant will commence commercial operation by the end of this month. The first shipment from the plant will be end-April/early May.



INDIAN SUBCONTINENT

INDIA – Qafco's al-Maronah which loaded ex-Mesaaeid has discharged 5,000t for Hindalco and will discharge around 4,500t for Zuari, Goa. The price is understood to be around $274pt cfr. No new India pricing was available this week, so the India cfr price assessment is now at $274pt. Prices are expected to move up over the next few weeks, reflecting the rise in published fob prices.

ASIA

INDONESIA – Trammo is loading around 15,000t on its new vessel, the Mary Cam Swan, from Bontang. The cargo is destined for the Philippines.

MALAYSIA – Mitco's Nanga Parbat is returning to Kertih where it will load for Thailand or EC India – quantities have yet to be confirmed by the buyers however.

KOREA – Samsung Fine Chemicals will receive a shipment on the Al-Jabirah from Mitsubishi by end-March, under a swap agreement with Sabic.

In the first half of April SFC will receive two 23,500t shipments – one from Mitsui, and one from Trammo. Yara will also deliver a 23,500t shipment to the producer in the second half of April.

Caprolactam and AS demand in Korea is improving. Meanwhile ACN producers Taekwang and Tongsuh Petrochemical are reported to be temporarily running at near full-capacity.

PHILIPPINES – As this report was going to press, there were unconfirmed reports that Kaltim had sold 10,00t to Philphos at the mid-$300s pt cfr level.

Philphos will receive around 15,000t of ex-Bontang product from Trammo in the coming week.

CHINA – Chinese demand for ammonia remains subdued according to suppliers to the region.

VIETNAM - Commercial DAP production at Vinachem's long awaited Dinh Vu plant, in Hai Phong, was set to start this week after trial production runs earlier this month. The Dinh Vu plant will eventually produce 330,000tpa of DAP with output for the balance of this year targeted at just 50-100,000t.

US/CARRIBEAN

US MIDWEST – Deliveries out of terminals picked-up in the early part of this week, with direct application now underway in many parts of the cornbelt. While less corn acreage is expected this year, ammonia suppliers say the direct application season has got underway earlier than least year. Prices in the Midwest are currently quoted in the mid/high $400s pst

Koch Nitrogen Company has completed enhancements to its facility in Enid, Oklahoma. The project provides an additional estimated 140,000st per year of urea to the market. While some excess ammonia will be sold from the plant, quantities are not expected to be significant.

TAMPA – As reported in last week's report, April deliveries into Tampa have been settled at $318pt cfr.

TRINIDAD – PCS says its 04 ammonia plant, which was shut down following a fire on 12 March, will remain closed until at least 12 April. The plant produces 635,000tpa of ammonia. The cause of the fire is still being investigated. Urea production continues to run as normal, as do PCS's three other ammonia lines.

US/CANDA COMPANY NEWS:

AGRIUM/CF NEWS – CF Industries announced on 23 March that its board of directors has recommended that CF Industries' stockholders reject Agrium offer to acquire all outstanding shares of CF Industries. CF Industries has filed its Schedule 14D-9 with the U.S. Securities and Exchange Commission, which provides details with respect to the reasons for the Board's recommendation.

In part of a statement from CF, the company said Agrium's offer was "grossly inadequate" and substantially undervalues CF Industries. CF also said that the timing of the Agrium offer was opportunistic and that the offer was "fundamentally at odds with CF Industries' long-term strategy, which has proven to be very successful."

Meanwhile, CF this week reaffirmed its intention to pursue a business combination with Terra Industries.

END