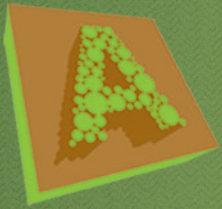


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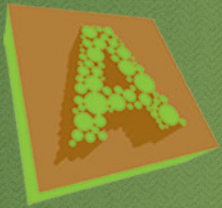
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AAAC(WA) OUTLOOK CONFERENCE 2021

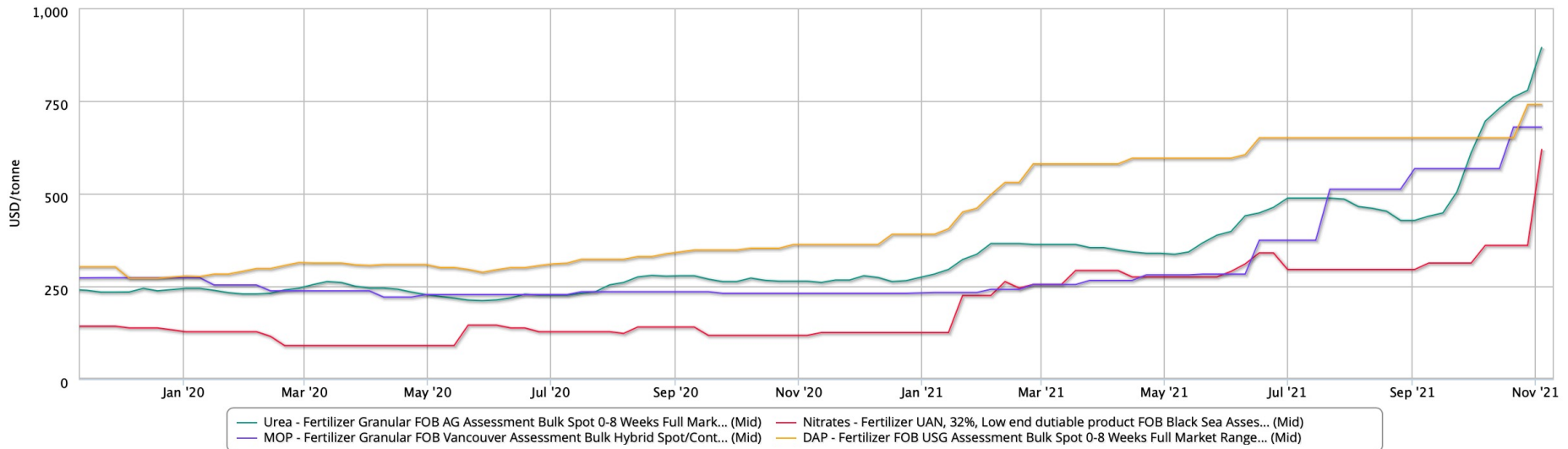


FERTILIZER OUTLOOK

1. Pricing review
2. What's happened?
3. Phosphates
4. Nitrogen
5. Potash
6. Freight
7. Outlook



Pricing Review – 1 Year



Market changed dramatically in January 2021 on the back of substantial grain purchases including corn by China

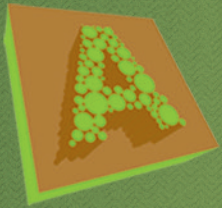


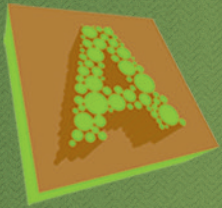
Photo: Adobe stock

01.26.2021 By *Jay Sjerven*

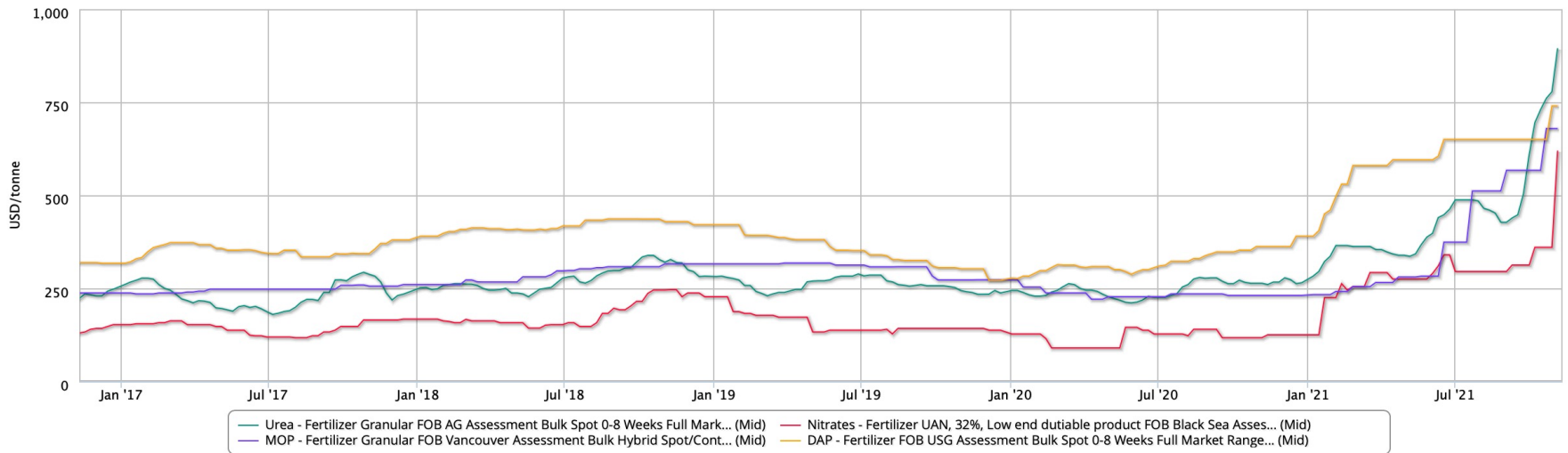


WASHINGTON, DC, US – The US Department of Agriculture’s 24-hour export reporting service on Jan. 26 said US private exporters sold 1.36 million tonnes of corn to China over the weekend. The terms of the huge transaction called for shipment during the 2020-21 marketing year.

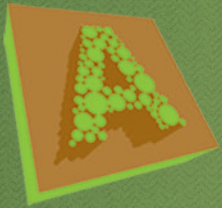
According to the USDA’s most recent weekly Export Sales report, accumulated exports and undelivered sales of US corn to China through Jan. 14 for delivery in the 2020-21 marketing year totaled 11,768,700 tonnes. That total compared with 60,000 tonnes as the aggregate for delivery in 2019-20 recorded a year earlier.



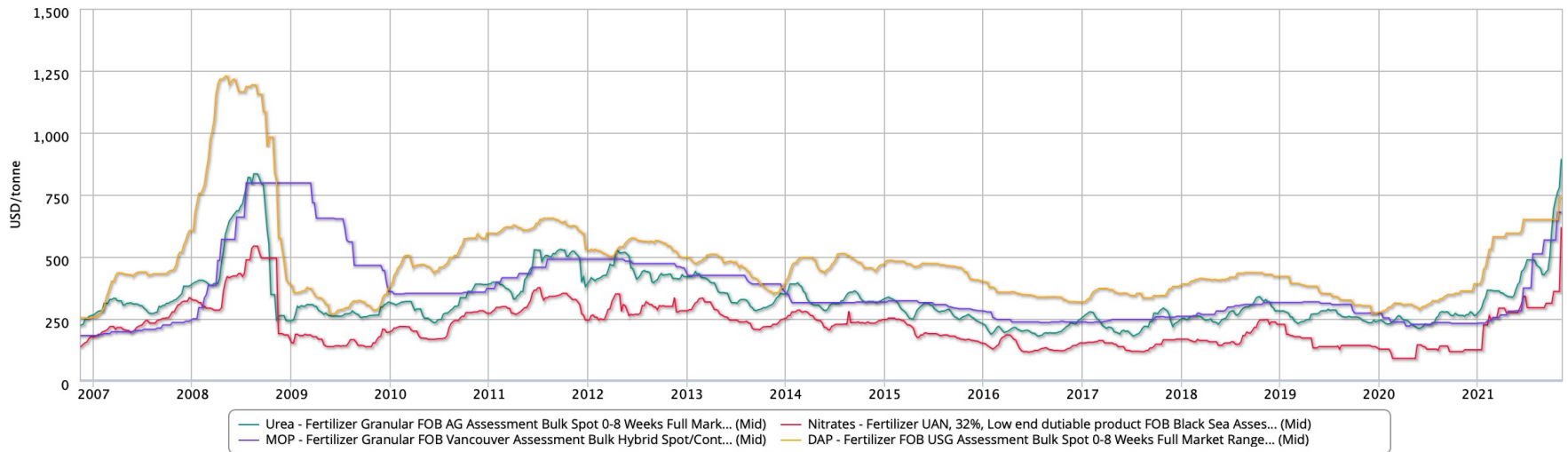
Pricing Review – 5 Years



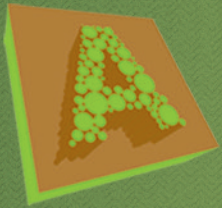
- Urea lags Urea
- Phosphates lags Urea
- Potash lags Phosphates



Pricing Review – 15 Years

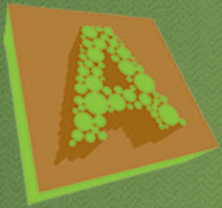


- Urea, UAN now trading at all time highs
- Potash will surpass previous high in Q1 22
- Phosphates firm

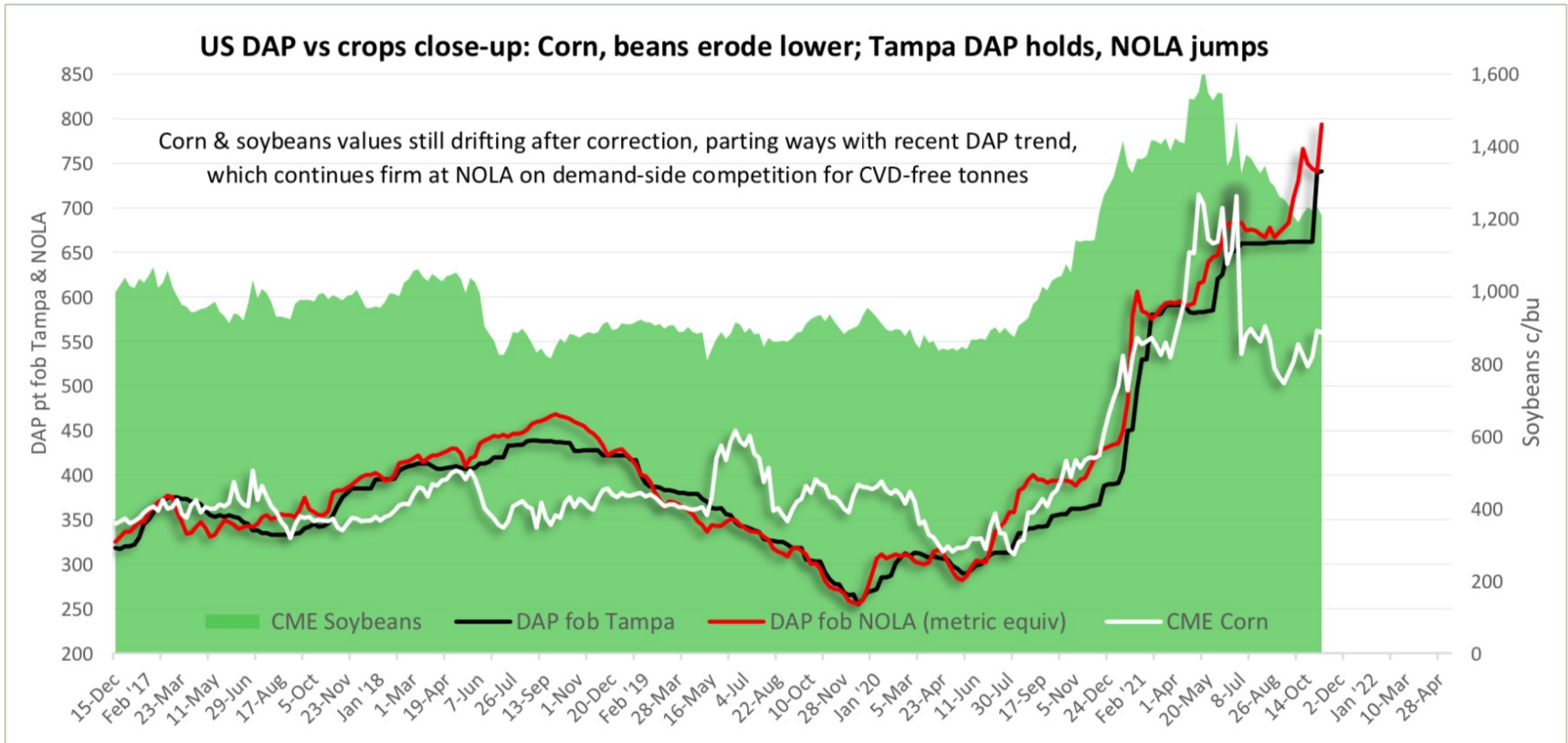


2. What Happened?

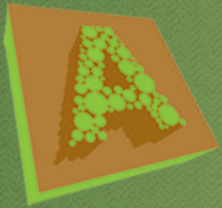
1. Grain prices increased solidly, particularly corn, soya bean and canola late 2020
2. US ITA imposed tariffs on Chinese (25%), Russian (9.19-41.05%), and Moroccan (19.97%) **Phosphates** into USA on 3 November 2020, effective for 5 years
3. EU/US sanctions on Belarus **MOP**, effective 8 December 2021 (plane hijacking)
4. China imposing restrictions on **fertilizer** exports
5. Strong demand by India



2. What Happened?



- Grain prices started to move November 2021
- Mosaic lodged complaint with USITA on 20 June 2020
- Import taxes imposed on 3 November 2021 for **5 years**

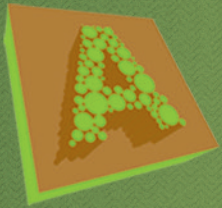


2. What Happened?

US import duties

US import duty run-down: As US prices start to lead global values, the isolation of the US market due to the high import barriers in place is becoming increasingly evident. Current countervailing duties and ongoing China trade-war tariffs on phosphate fertilizer imports into the US are:

- 9.19% for **Phosagro**
- 19.97% for **OCP**
- 25% for all **China** (residual from 2018 trade war)
- 47.05% for **Eurochem**
- 17.20% for **Other Russia**

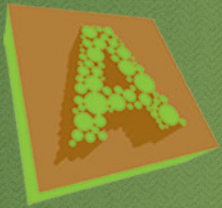


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A collection of US farmer organisations are asking the US Court of International Trade to overturn an earlier decision by the International Trade Commission (ITC), which imposed tariffs on imported phosphate fertilizers.

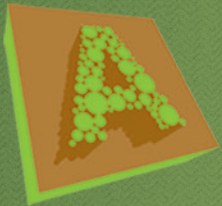
The group, which consists of the National Corn Growers Association, Agricultural Retailers Association, American Soybean Association, National Cotton Council and the National Sorghum Producers, raised concerns in its brief to the court over fertilizer shortages and crippling prices for the crop nutrient.





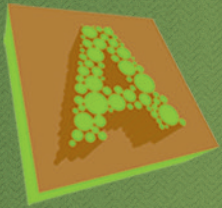
3. Phosphates





4. Nitrogen

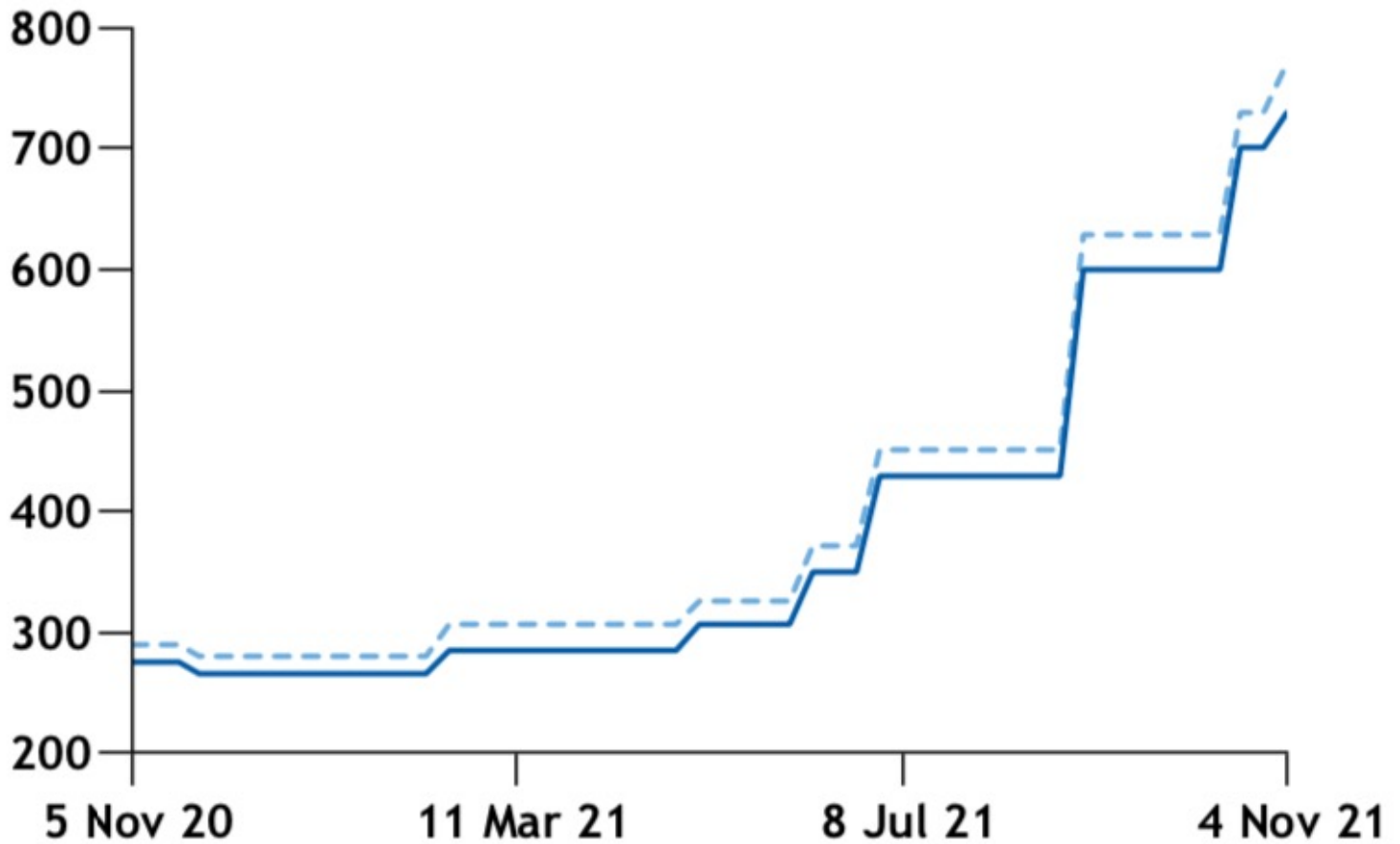


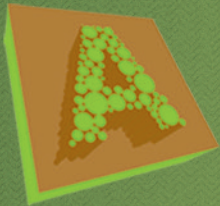


5. Potash

Granular MOP bulk cfr Australia

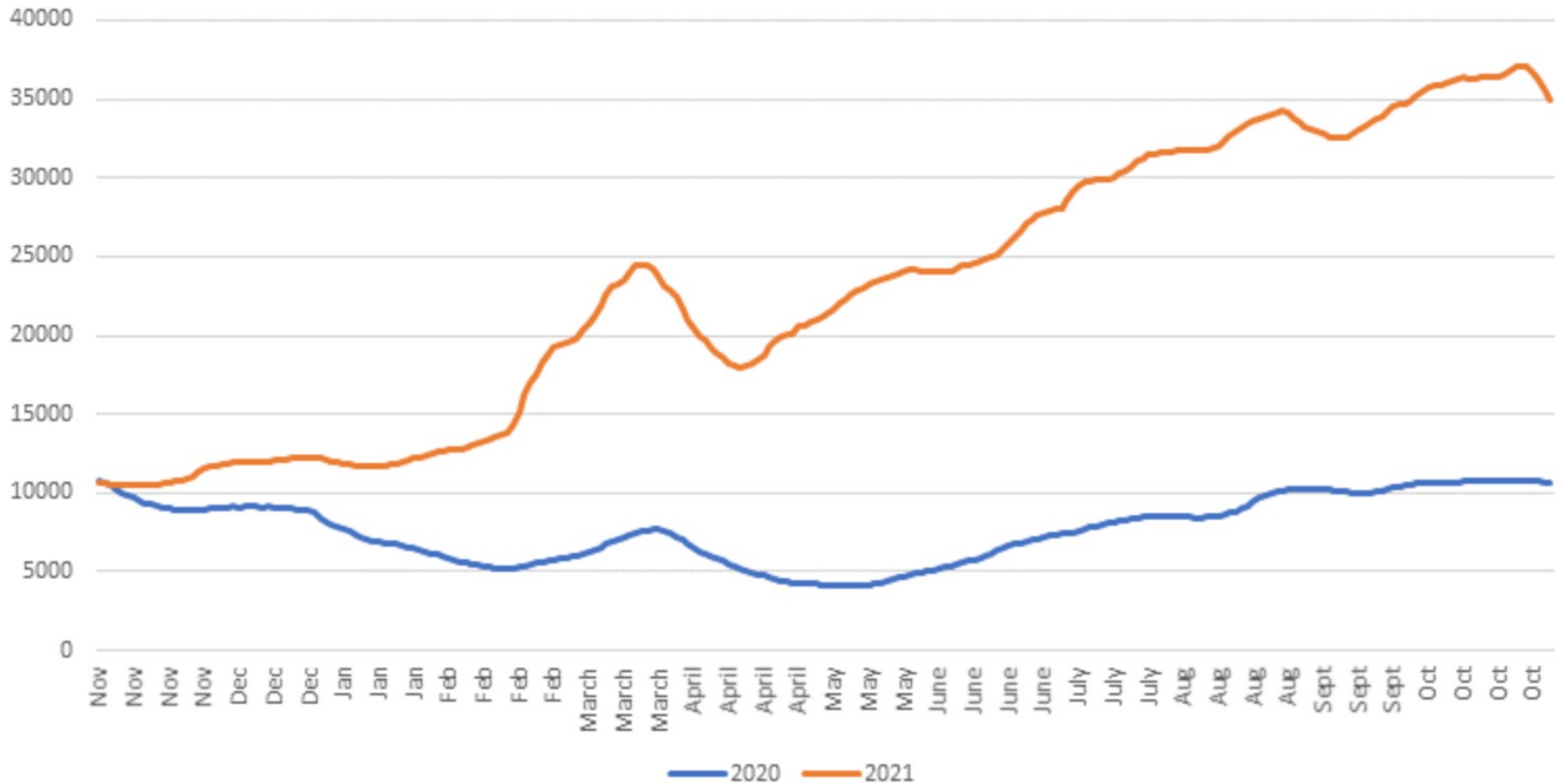
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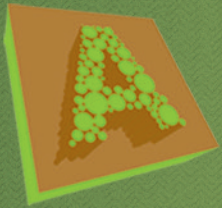




6. Freight

Handysize TC average rate





30-60 DAY OUTLOOK

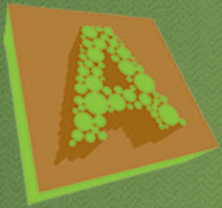
Firm

Seasonal demand in Australia and Europe will continue supporting phosphates prices in coming weeks, despite a lack of trade in south Asia and Latin America. Supply remains tight, leaving producers in a comfortable position.

No offers under Indian DAP tenders

Indian importers RCF and GSFC closed purchase tenders for DAP this week, but extended the enquiries as they received no offers. Importers in Pakistan also reported a lack of interest from sellers.

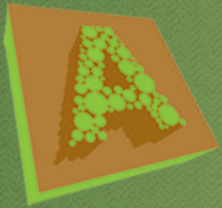
- Key raw materials prices rising for ammonia and sulphur
- Supply tight, China and Russian restrictions impacting
- Current calculated **MAP** price around **\$1,300pmt**



7. Outlook - Nitrogen

UREA OUTLOOK

- Russian producers await individual export quotas
 - Chinese export availability may increase in late Q1 2022
 - Egyptian availability seen stable despite new certificate requirement
 - Indian requirement at 3m-3.5m tonnes until February 2022
 - Iranian tonnes prefer Brazil or Europe
 - Interest seen thin for next Ethiopian tender
 - Pakistan closing import tender on 22 November
 - Grain prices can no longer support fertilizer increase
-
- Current calculated **Urea** price around **\$1525pmt**
 - Current calculated **UAN** price around **\$1100pmt**



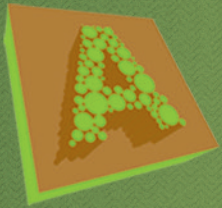
7. Outlook - Potash

30-60 DAY OUTLOOK

Slower price increase for MOP

While SOP and NOP prices still lag behind recent MOP increases, and could still increase sharply, the MOP market will tick up at a slower rate than it did in June-October as falling affordability creates a price ceiling. Tight supply will continue to keep MOP prices from falling, as long as demand and crop prices do not drop, but South Africa, northwest Europe and Thailand may already be close to their peak MOP price.

- Signs of demand destruction in some markets
- Supply extremely tight
- Impact of Belarus sanctions could be very significant
- Current calculated **MOP** price **\$1150**



7. Outlook Summary

Product	2008 High USD/mt	WA High \$/mt	2021High USD/mt	*WA High \$/mt	Market
DAP/MAP FOB Tampa	1230	1700	755	~1300	Firm
GMOP FOB Vancouver	800	1150	750	~1150	Firm
Urea FOB Arab Gulf	825	1150	950	~1525	Hot
UAN FOB Baltic	550	900	635	~1100	Hot
* If purchased today					

- Pricing impacts similar to 2008
- Political impacts significant, governed by food security
- Supply consequently a major challenge