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Argus Insight: Fertilizers



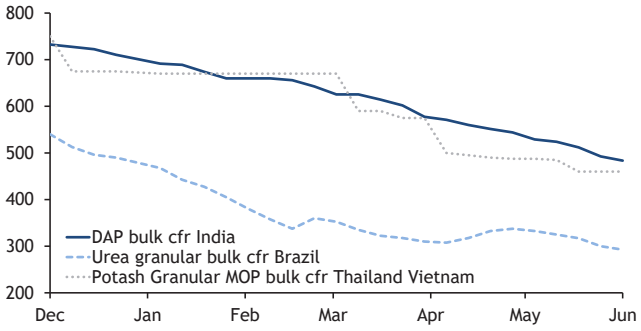
Key global fertilizer prices – trends in 2023

Global nitrogen, phosphate and potash fertilizer prices are all fundamentally soft based on two key factors: 1) supply outweighs demand which has been weak throughout 2023 for a variety of factors from low affordability and weak crop prices to adverse weather conditions, high stocks and an expectation that prices will continue to fall 2) falling prices of inputs such as ammonia and natural gas have lowered production costs and raised output, even in Europe.

Nitrogen: Urea granular bulk fca French Atlantic prices fell from around €535/t fca at the end of 2022 to €345/t fca as of end May but have been broadly flat as of early April. Brazilian granular urea cfr prices also fell from close to $470/t at the end of December 2022 to $300/t cfr as of late May but recovered from a low of around $310/t cfr in early April. At origin sources, Middle East fobs fell from $435/t at the end of 2022 to around $305/t fob currently. However, prices began to recover marginally as of early April. The marginal recovery was fuelled by small waves of prompt import demand and trader short-covering.

Phosphates: DAP prices in India (the largest DAP import market) have fallen uniformly from around $690/t cfr at the end of December to $490-495/t cfr on steady Indian buying which has bolstered stocks. At the same time, other traditional Indian subcontinental markets such as Pakistan have failed to step in over currency issues and flooding. A subsidy cut in India on P and K fertilizers further undermines price stability. At the same time, more Chinese export availability has come on line as the domestic season ends.

Key global fertilizer prices $/t



West of Suez, the main MAP market, Brazil has seen prices decline quickly from around $650/t cfr in early January to $490/t cfr at the end of May. This fall has been driven in part by greater Chinese MAP availability. Demand in Brazil is soft despite healthy farmer economics.

Potash: prices continue to slide despite a significant drop in Russian exports in 2022 and sanctions on Belarusian MOP. These origins are finding more outlets east of Suez to compensate. Overall demand is extremely muted for K. Thailand/Vietnam cfr price fell from around $670/t cfr at the beginning of 2023 to $460/t cfr currently. The Indian contract price, which settled in early April, saw a drop of $168/t on the previous year and only lasts for six months (rather than yearly as is normal) indicating further falls are expected by Indian buyers. West of Suez, Brazilian MOP cfr prices from around $530/t cfr to $380/t cfr at the end of May.

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