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Argus *Nitrogen*

Formerly Argus FMB Nitrogen

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EXECUTIVE SUMMARY

Bearish market waiting for the next move

Apart from a plunge in the US to summer lows, urea prices have moved little in other parts of the world. Indian buying has taken spot tonnage out of the market until second half June. The overall outlook is bearish, but producers can ignore low price bids for the time being and hope for a new Indian tender.

US Gulf prices dropped to around $190/t cfr equivalent this week and are once again at a discount to Brazil. Prices in Brazil are in the $210s/t cfr for June but may come under renewed pressure when Iranian urea and more formula-priced cargoes begin to arrive.

Middle East and Asian prices are stable. Chinese urea remains above $230/t fob for June.

One market that is not stable is ammonium nitrate; prices dropped to $135-140/t fob this week, the lowest level since 2016.

MARKET DRIVERS

China

Domestic prices are holding above $230/t fob equivalent. Demand will support this level through June

Brazil

Price ideas vary widely but an increase in demand is needed to prevent further price erosion

Black Sea

Ukrainian production has been revived by low gas prices. Increased supply is flowing from Central Asia. Regional market oversupplied

30-60 DAY OUTLOOK

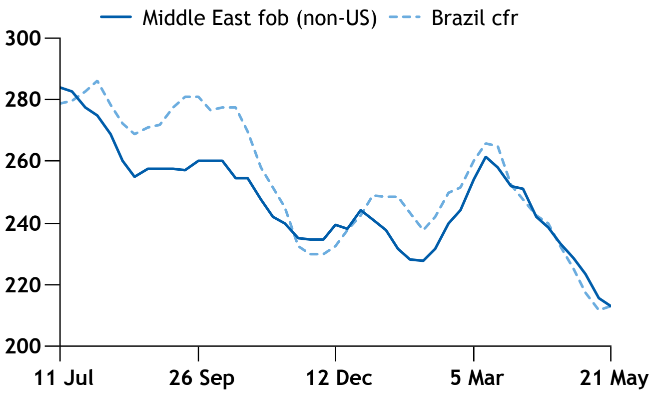
Stable to weak

Indian shipments limit the downside in the short term, but the market remains long for the summer months. China holds the key

PRICES

Key nitrogen prices			$/t
	21 May	14 May	±
Prilled urea - bulk			
Baltic fob	190-203	190-200	▲
China fob	232-236	235-237	▼
Granular urea - bulk			
Middle East fob non-US	210-216	213-218	▼
Egypt fob	212-220	203-211	▲
Baltic fob	198-202	200-205	▼
US Gulf fob, *$/st*	174-190	190-207	▼
Southeast Asia cfr	243-248	245-248	▼
Brazil cfr	210-216	208-215	▲
French Atlantic fca, *€/t*	220-240	217-240	▲
Ammonium sulphate - bulk			
China fob capro grade	93-95	93-95	◄►
Brazil cfr capro grade	123-130	123-130	◄►
Ammonium nitrate - bulk			
Baltic fob	135-139	140-145	▼
UAN (32%)			
Baltic fob (non-Russian)	131-141	132-141	▼

Granular urea: Middle East fob vs Brazil cfr $/t



View the methodology used to assess nitrogen prices at www.argusmedia.com/methodology. Your feedback is always welcome at fertilizer@argusmedia.com

Nitrogen prices			$/t
	21 May	14 May	±
Prilled urea - fob bulk			
Black Sea	200-205	200-206	▼
Baltic	190-203	190-200	▲
Croatia/Romania	213-218	213-219	▼
Middle East	213-215	213-215	◄►
China	232-236	235-237	▼
Brazil (cfr)	215-220	215-220	◄►
Mexico (cfr) east coast	218-223	220-225	▼
Southeast Asia (cfr).	246-249	247-250	▼
India (cfr)	226.81-231.9	226.81-231.9	◄►
Granular urea - fob bulk			
Middle East all netbacks	165-216	186-218	▼
Middle East US netback	165-182	186-204	▼
Middle East Brazil netback	194-199	195-201	▼
Middle East non-US netbacks	210-216	213-218	▼
Iran	180-185	180-185	◄►
Egypt	212-220	203-211	▲
Egypt non-European netbacks	196-214	203-208	▼
Algeria	210-215	210-215	◄►
North Africa full range	196-215	203-215	▼
Nigeria	215-220	220-225	▼
China†	230-235	232-236	▼
Indonesia/Malaysia	230-233	230-233	◄►
Southeast Asia (cfr)	243-248	245-248	▼
Venezuela/Trinidad	185-215	185-215	◄►
Brazil (cfr)	210-216	208-215	▲
Mexico (cfr) west coast	235-237	235-237	◄►
US Gulf (barge), *$/st*	174-190	190-207	▼
US Gulf (cfr)	186-204	204-223	▼
French Atlantic (fca), *€/t*	220-240	217-240	▲
Baltic	198-202	200-205	▼
Black Sea	195-203	195-205	▼
India (cfr)	226.81-231.9	226.81-231.9	◄►

**basis 35,000-45,000t freight*
†high end Fudao product

Argus Nitrogen Index			
Argus Nitrogen Index, points	94.840	95.218	▼

Argus Nitrogen Index is a composite based on Argus assessments for a basket of nitrogen-based fertilizers. The index is calculated such that 1 June 2017 = 100 for each component class of fertilizers

Natural gas prices			
Henry Hub *$/mn Btu*	1.70	1.68	▲
TTF month ahead *$/mn Btu*	1.55	1.73	▼

Nitrogen prices			$/t
	21 May	14 May	±
Ammonium sulphate - bulk			
Baltic fob (caprolactam)	100-105	105-107	▼
Black Sea fob (caprolactam)	100-105	105-107	▼
Kherson fob (steel grade)	78-80	80-83	▼
China fob (caprolactam)	93-95	93-95	◄►
NW Europe fob (granular caprolactam)	145-160	146-160	▼
NW Europe fob (standard caprolactam)	115-130	116-134	▼
Southeast Asia cfr (caprolactam)	105-113	105-113	◄►
Brazil cfr (caprolactam)	123-130	123-130	◄►
Ammonium nitrate			
Baltic bulk fob	135-139	140-145	▼
Black Sea bulk fob	135-140	140-145	▼
France (fca bagged), *€/t*	207-208	206-208	▲
UK (cif bagged), *£/t*	185-190	185-190	◄►
CAN 27 Germany (cif inland), *€/t*	150-158	150-158	◄►
UAN (32%)			
Nola, *$/st*	135-138	137-140	▼
Rouen 30% N fca, *€/t*	145-147	147-148	▼
Black Sea fob	135-145	140-150	▼
Baltic fob (non-Russian)	131-141	132-141	▼
Baltic fob (Russian)	135-150	150-160	▼
Nutrient values			
Granular urea			
Middle East - all netbacks fob *$/unit* N	4.14	4.39	▼
French Atlantic fca *€/unit* N	5.00	4.97	▲
Prilled urea			
Baltic fob *$/unit* N	4.27	4.24	▲
Southeast Asia cfr *$/unit* N	5.38	5.40	▼
Nitrates			
AN bulk fob Baltic *$/unit* N	4.03	4.19	▼
UAN 30pc N Rouen fca *€/unit* N	4.87	4.92	▼
UAN 32pc Nola fob *$/unit* N	4.27	4.33	▼
Ammonium Sulphate			
Brazil cfr (caprolactam) *$/unit* N	6.02	6.02	▼
Southeast Asia cfr caprolactam) *$/unit* N	5.19	5.19	◄►

Urea freight				
Loading	Destination	Tonnage	Rate ($/t)	
			Low	High
Mideast Gulf	US Gulf	45	21	22
Mideast Gulf	Thailand	30	15	16
Mideast Gulf	Brazil	40	16	17
Baltic	Brazil	30	13	14
Nigeria	Brazil	30	8	9
Egypt	French bay	6	22	23
China	SE Asia	6	21	22
China	India	60	9	10
Algeria	Brazil	30	11	12
Algeria	US Gulf	30	12	13
Algeria	French bay	12	11	12
Baltic	EC Mexico	30	15	16
Baltic	WC Mexico	25	30	31
China	WC Mexico	25	16	17
UAN solution				
Klaipeda	Rouen	25 - 30	16	17

UREA

BLACK SEA

Traders indicate that around 100,000t of prilled urea are available for second half June shipment from Yuzhny, with Ukrainian production running at a higher rate than for many months. Price ideas remain at or above $200/t fob.

Ameropa has nominated m/v Dionisis and m/v Ince Tokyo to load prilled urea for India in Yuzhny in late May-early June.

Dreymoor has nominated m/v Captain Cherif to load 50,000t for MMTC in late May. It bought 17,000t of Dniproazot urea for shipment by mid-June to complete the second vessel for India. The price is reported in the low-$200s/t fob, slightly above OPZ urea booked last week at $200/t fob.

Vertiqal loaded 5,500t of OPZ prilled urea on m/v Vitoria S this week for Italy. AGT sold the cargo last week at $205/t fob.

A trader is offering 25-30,000t of Central Asian granular urea for early-June shipment from Poti.

Socar's urea plant in Sumgait has yet to restart following the shutdown due to technical issues reported in mid-April.

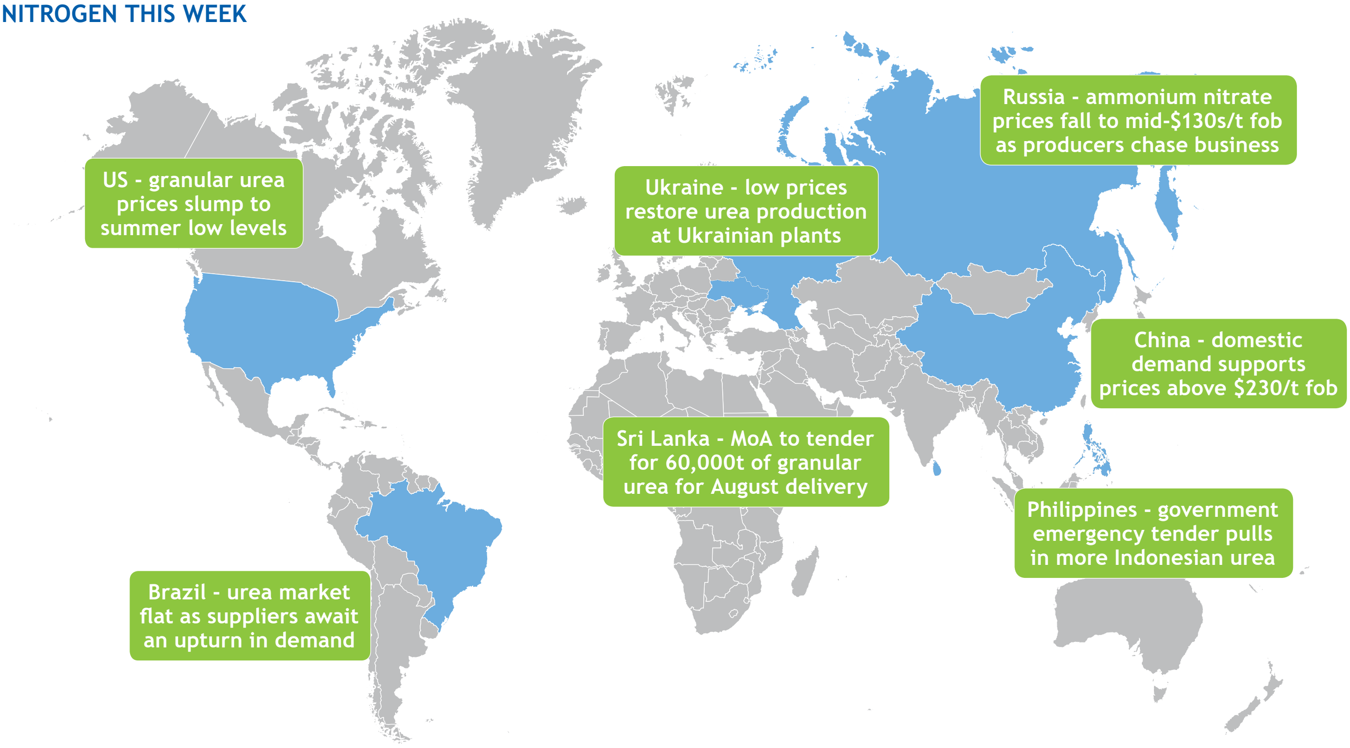
BALTIC

Prilled urea prices received a boost this week when Grodno Azot was able to sell at $203/t fob equivalent. This is the first tender to sell urea held for some time. Most prilled urea has been sold for May and early June, but producers are struggling to find outlets for full cargoes of granular urea, unwilling to sell to Brazil at low netbacks.

Garabogaz urea loadings May

Vessel	000t	Shipper	Shipment date	Destination
Omskiy 157	2	Caran Holding	1-May	Volga-Don Canal
Mikayil Mushfig	NA	Matrix	1-May	Ports of Azerbaijan
Mahmud Rehimov	4	Novocorp	2-May	Ports of Azerbaijan
Neva Leader 1	3	Caran Holding	4-May	Volga-Don Canal
Beket Ata	5	Caran Holding	4-May	Ports of Azerbaijan
Elga 1	4	Turkmenhimiya	7-May	Turkmenbashi
Pola Fiva	6	Caran Holding	9-May	Astrakhan
Nikolay Psomiadi	3	Caran Holding	9-May	Volga-Don Canal
Lady L	3	Caran Holding	11-May	Volga-Don Canal
Orel 6	3	Caran Holding	12-May	Volga-Don Canal
Garadagh	3	Matrix	12-May	Ports of Azerbaijan
Rigel	1	Turkmenhimiya	13-May	Turkmenbashi
Coral	3	Caran Holding	13-May	Volga-Don Canal
Volgo Balt-210	2	Caran Holding	14-May	Astrakhan
Baku Sky	2	Caran Holding	16-May	Astrakhan
Mikayil Mushfig	4	Matrix	18-May	Ports of Azerbaijan
Omskiy-127	3	Etoile Energy	19-May	Volga-Don Canal
Sestoretsk	3	Caran Holding	19-May	Astrakhan
Rigel	1	Turkmenhimiya	19-May	Turkmenbashi
Volgo Balt-208	2	Etoile Energy	20-May	Volga-Don Canal
Total	**over 57**			

NITROGEN THIS WEEK



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There were inconclusive negotiations for 20-25,000t for shipment to Canada last week, despite offers of granular reportedly dropping below $220/t cfr. Freight Baltic-eastern Canada is put at $21-22/t.

This week, a trader has purchased 10,000t of prilled urea from a Russian producer for first half July shipment from the Baltic in combination with 10,000t of AN to cover a sale in Morocco. The urea price is reported in the mid-$190s/t fob.

Around 6,000t of prilled urea have been sold for June shipment to Peru in combination with other fertilizers at a reported price of $200/t fob.

Acron has sold 11,000t of prilled urea for shipment in combination with AN from Muuga to east coast Central America at around $215/t cfr. Freight is put at $19-20/t for three port discharge.

SBU is offering prilled urea in the low-$200s/t fob Kotka for second half June loading. It has two cargoes of granular urea to sell for June and is indicating prices above $200/t fob against bids in the mid-$190s/t fob.

Grodno Azot sells urea for export

Grodno Azot held a tender on 19 May to sell 5,000t of prilled urea for May shipment. A trader is reported to have bought the cargo at €186/t fob Klaipeda, equivalent to around $203/t fob.

This is Grodno Azot's first urea sale on an fob basis in 2020. The producer has been absent from the export market since December 2019, focusing on domestic sales.

Urea exports totalled only 10,000t in January-March and are set to remain limited in May-June as application is continuing in Belarus. But around 25,000t/month of granular and 35,000/t of prilled urea will be available for export from July onwards.

Gavilon is checking freight for 25,000t of granular urea to load in Ust Luga 5-9 June for Montevideo and Nueva Palmyra, Uruguay.

EUROPE

Turkey

Following a huge influx, Turkish suppliers now estimate that inventories of Iranian urea are sufficient to cover demand in southern Turkey through July.

Middle East Export Sales

Supplier	Buyer/Market	'000t	Month
Granular			
Sabic	US	50	May
Avail 350	Africa	25	May
Balance 0	Thailand	115	May
	Australia/New Zealand	160	May
Muntajat	Brazil	100	May
Avail 305	Thailand	45	May
balance 0	US	100	May
	Australia	35	May
	Philippines	15	May
	Africa	10	May
Fertiglobe	Ethiopia	40	May
Avail 170- 175	India	45	May
balance 0	Australia	60	May
	Asia Pacific	30	May
SIUCI	Australia	45	May
Avail 110	India	47	May
balance 18			
PIC	Australia	60	May
Avail 80-85	Asia Pacific	25	May
balance 0			
Prilled			
Sabic	Africa	15	May
Avail 48	Sri Lanka	25	May
balance 0	Thailand	8	May
Muntajat	Africa	25	May
Avail 75	Philippines	20	May
balance 0	Sri Lanka	8	May
	India	22	May

Prices for Iranian urea have moved down to the equivalent of $225/t bulk ex-warehouse from $228/t. Importers calculate that Egyptian urea would have to be offered at $200/t fob to be competitive with this price.

Inquiries for 4-5,000t of urea saw offers reflecting $208-210/t fob Egypt this week for June shipment. It is not clear whether any sales resulted.

France

There is limited activity following the price rise announced by Fertiglobe last week. Its asking prices are €228-230/t fca for new season sales, but buyers are still aiming for levels below €220/t fca. Few traders are offering urea, waiting to see the next move in Egyptian and Algerian fob levels.

Argus Spot Sales Selection - 21 May 2020							
Product	**Origin**	**Supplier**	**Buyer**	**Destination**	**'000t**	**$/t bulk**	**Shipment**
Granular urea							
	China	trader	Pungnong	South Korea	6	hi-220s fob eq	May-June
	Middle East?	ETG	MoA	Sri Lanka	9	260 cfr bgd 180d	June-July
	Egypt	Helwan	trader	Italy	8	220 fob	May
Prilled urea							
	China		trader	East Asia	6	lo-230s fob	May-June
	Baltic	Acron	Incofe	ECCA	10	mid-210s cfr	June
	Baltic	producer	trader	Morocco	10	mid-190s fob	June
	Indonesia	Petrokimia	trader	Philippines	15	230 fob	May
	Black Sea	Dniproazot	trader	India	17	low-200s fob	June
	Baltic	Grodno	trader		5	€186 fob	May
Amsul							
capro	China	Valency	CIC	Sri Lanka	4	119 cfr 180d bag	June
capro	China	trader	Asia Comm	Sri Lanka	2	Arnd 120 cfr 180d bag	June
capro	China	producer	importer	South Africa	10	mid-90s fob	June
AN							
	Baltic	Acron	Incofe	ECCA	15	mid-150s cfr	June
	Baltic	producer	trader	Morocco	10	hi-130s fob	June
	Baltic	producer		Brazil	9	lo-150s cfr	July

UK

Traders are unwilling to offer granular urea forward at the price sought by distributors and the market unusually quiet.

There has been some short selling by importers at prices netting around $225/t cfr bulk, estimated total 15-20,000t. But this is equivalent to below $200/t fob Egypt based on the small vessels used to supply the UK and traders are so far unwilling to match it.

MIDDLE EAST

Spot granular urea traded at around $210/t fob for June loading this week, ahead of the Eid-al-Fitr holiday. Bids for June and July edged above $210/t fob this week on the paper market, bringing it largely in line with the physical.

Qatar

Muntajat is now committed on prilled urea through June. A trader will load 9,000t prompt for shipment to Colombo, Sri Lanka. CIL will load 30-35,000t 10-15 June for shipment to Vizag or Kakinada, under contract. Sun International will load 45,000t for MMTC in early June.

Oman

Ameropa is loading 45,000t in Sohar 26-29 May for shipment to four ports east coast Australia, fixed at $26-28/t.

UAE

Fertiglobe will supply 90,000t from Ruwais, rather than Adabiya, under its India tender awards, and it is now committed into July. The MMTC cargoes will ship to Kakinada and Mundra.

Bahrain

It is understood traders will load cargoes for Thailand and Australia in June.

AFRICA

Egypt

Helwan Fertilizer has sold 7-8,000t of granular urea to a trader at $220/t fob for prompt shipment to Italy.

The price is above recent indications for Egyptian urea of $212-214/t fob and reflected the limited availability of prompt tonnage.

Most producers in Egypt are comfortable into second half June, with four cargoes to load for India, and some into July. Abu Qir still has urea to sell for first half of June shipment and is offering at $220/t fob.

Late last week, KIMA reported selling 45,000t of granular urea for end-June shipment from Adabiya at $214/t fob. The destination of the cargo has not been confirmed but may be Sudan.

Algeria

No new fixed price sales are reported. AOA is indicating $215-220/t fob but is selling most of its urea on a formula basis, with the latest proposal based on cfr Brazil minus $9/t freight.

Malawi

The Smallholder Farmers Fertilizer Revolving Fund (SFFRFM) has issued a tender to buy 90,000t of fertilizers that will close on 16 June.

SFFRFM is seeking 45,000t of 23-10-5+6S+1Zn and 45,000t of urea, both to be delivered in 50kg bags within 12 weeks of the tender being awarded.

Offers must be submitted in 500t lots up to a maximum of 5,000t, with half of the quantity for NPKs and half for urea.

MMTC 7 May urea tender - vessel nominations

Supplier	tonnes	Vessel	Origin	Discharge port
Ameropa	51,500	Dionisis	Ukraine	Rozy
	51,500	Ince Tokyo	Ukraine	Rozy
Swiss Singapore	47,000	Navdhenu Purna	Oman	Karaikal
Samsung	50,000	Rhodes	Egypt	Gangavaram
	50,000	Serene Sky	Egypt	Tuna
	47,000	Gloris Maple	Egypt	Paradeep
Dreymoor	50,000	Bernina	Ukraine	Pipavav
	50,000			Pipavav
Atlantic	47,500			Kandla
Continental	50,000			Kakinada
OCI	45,000			Mundra
	45,000			Kakinada
Sun Intl	45,000			Mundra
Total	**629,500**			

ASIA

MMTC may have only finalised awards last week, but anticipation of the next Indian tender is already high. This is testament to India's substantial import requirement in light of high domestic sales and a positive agricultural outlook for summer.

Thailand is heading into high season but spot opportunities are limited by heavy contract deliveries from the Middle East and Malaysia. In the Philippines, a government urea purchase tender to support rice production has progressed and will likely simulate some increased imports during June and July. But mostly existing stocks will cover the requirement.

Australian importers have taken a pause after lining up a hectic shipment schedule for May and June. If it continues to rain, there will be additional buying for July.

India

Having fallen short of target on two successive occasions, India is expected to tender again during the first half of June with the aim of securing over 1mn t for shipment through to the end of July.

In order to meet its target, prices will need to be at a level to attract supply from Asia, namely China, which did not happen last time round under MMTC.
The vessel line-up to date under MMTC's 7 May tender is shown in the accompanying table.

There are currently around 690,000t of urea in stock across India's major ports. Of this, Vizag on the east coast is holding around 310,000t. Kakinada, also on the east, has approximately 75,000t and will receive another 95,000t via the latest MMTC tender.

Production, imports and sales all up in April

China

Chinese urea prices edged lower this week as offers fell towards $230/t fob for late-June load dates. Domestic demand remains robust and the short-term outlook is stable because of summer demand. But for later dates, some flexibility is creeping in on fob prices.

One trader reported buying 6,000t in the low-$230s/t fob.

Regional demand for prilled urea has been low during May, but Philippines and Myanmar are now showing more interest.

Traders have been bidding, unsuccessfully, for Chinese granular in the high-$220s/t fob to supply Mexico. China BlueChem has been offering granular urea at $230-235/t fob.

Domestic

Prilled urea prices in Shandong edged up to Yn1,590-1,610/t ex-works bagged, reflecting $241-242/t fob, driven by the upcoming summer season demand.

The operating rate has stabilized at around 157,000t/d. There were no significant curtailments in Hebei and neighbouring provinces ahead of this week's NPC and CPPCC events in Beijing.

Domestic urea futures on ZCE were largely unchanged over the week at around Yn1,539/t for September.

Coal prices rising

Chinese coal prices have strengthened in recent weeks, driven up by several factors. Power generation is picking up as industrial activity resumes while domestic coal supply is temporarily tightening with mines closed ahead of the events in Beijing. Rising tensions with Australia, a supplier of coal to China, have also bolstered prices.

South Korea

Pungnong closed a tender on 14 May to buy 6,000t of granular urea for delivery by 5 June. It is understood that a trader was awarded at a price netting below $230/t fob China.

Dongbu closed a tender on 21 May to buy 6,000t of granular urea.

Sri Lanka

MoA has confirmed an award to ETG under its 13 May tender to buy 9,000t of granular urea for July delivery. ETG offered at $260/t cfr bagged with 180 days' credit. It would reflect the low-$250s/t cfr sight, with freight from the Mideast around $20/t.

The MoA will hold another tender on 26 May to buy 60,000t of granular urea for August delivery.

Nepal

KSCL has pushed back the closing dates of its upcoming urea and DAP purchase tenders because of Covid-19. It will now hold tenders for 25,000t of urea on 19 June and on 3 July.

STCL will tender on 28 May to buy 30,000t of urea.

Thailand

Demand is rising and the contract line up is heavy for May and June. Sak Siam is linked to the purchase of 10,000t of Kaltim granular spot urea, priced at around $240/t cfr. But direct confirmation was not available.

Malaysia

Petronas is focused on contract supplies as term buyers request full tolerances due to high seasonal demand. It has provisionally lined up the following shipments for July: 30,000t Australia; 18,000t Japan; 4,000t Vietnam; 12,000t Myanmar; 40,000t Thailand; Philippines 50,000t.

June shipments are confirmed as follows: 90,000t, Australia (three different receivers, east and west coasts); Philippines, 30,000t; Japan, 10,000t; Vietnam, 4,000t; Thailand, 35,000t.

Indonesia

Pusri closed a short-notice tender on 20 May, offering prilled urea for June shipment. It received bids from traders ranging $220-225/t fob, against its previous sales at $230/t fob. No awards had been issued by press time.

Last week, Kaltim is reported to have privately sold prilled and granular urea in the range $233-234/t fob. UHI is understood to have taken around 10,000t of prilled and 4,000t granular for the Philippines. Direct confirmation was not available.

Based on the latest Pupuk Indonesia stock data, Pusri has over 500,000t in store and Kaltim over 370,000t. Gresik, which is not expected to tender in the short term, has significantly less at around 33,000t.

Philippines

Atlas will hold a tender on 25 May to buy 6,000t of prilled urea for second half June shipment to Sangi and 7,000t for end-June shipment to Bacolod and Cagayan de Oro.

The Philippines government tender to buy urea to support rice production has progressed, with awards for parts of Mindanao reported this week. The original request was equivalent to 284,000-285,000t of urea (prilled or granular) to be delivered in 50kg bags during May and June.

UHI, La Filipina and other importers have been awarded slots, but precise allocations are unclear.

Local sources say that 15pc of the payment has been made up front to enable suppliers to sell urea from inventory. But import demand should rise as a result in June.

Petronas will supply about 80,000t of urea to the Philippines in June-July, which could cover some of the sales under the tender.

Philippine buyers have also bought urea in Indonesia for May shipment, with 15,000t of prilled urea reportedly purchased from Petrokimia Gresik at $230/t fob and 10,000t from Kaltim at $233-234/t fob, along with 4,000t of granular.

Myanmar

Up to around 30,000t of Chinese granular urea is understood to be moving in to Yangon priced in the $240s/t fob bagged.

Australia

There has been a pause in import purchasing after heavy buying for May and June loads. In excess of 700,000 of urea are expected to arrive in the east coast alone during May-June, while scheduled loadings for June also looking strong with spot supplementing contract cargoes from the Middle East and Malaysia.

Domestic buyers have also taken a step back after swift purchasing, aware international prices have declined.

AMERICAS

US - price collapse

US prices collapsed this week in Nola and inland as demand failed to meet earlier expectations, leaving some producers and distributors uncomfortably long.

Nola barge prices fell from $190/st fob for loaded and June shipment on Monday to $174-180/st fob on Wednesday. Prices stabilized on Wednesday afternoon after a distributor bought about eight barges and took most of the available tonnage off the market.

Nola barge prices are now plausibly attractive for re-export, with latest trades equating to around $205/t fob US Gulf.

Close to press-time, barge prices recovered from yesterday's lows with eight barges transacted from $183-185/st fob Nola for June.

Similar price falls occurred in the Southern Plains region, as producers slashed prices to secure outlets as rail markets backed up. Regional producers and warehouse operators drove prices down by around $40/st through the course of the week to $220-225/st fot today.

Traders and distributors built positions anticipating growth in Northern Plains corn and Delta rice acreage, but have been disappointed.

North Dakota demand, a key area for spring urea, has collapsed as many farmers faced with low local corn prices around $2.80/bushel have switched to soyabeans or opted to fall back on their crop insurance policies. Weather delays in the Delta have slowed rice planting and will likely spread it over a broader period, reducing the likelihood of a demand-driven spike there.

CF is reported to be offering urea for export in June at around $220/t for Donaldsonville.

Mexico

East coast requirements are covered for the time being, with a high level of shipments from Russia. Price indications for fresh cargoes have fallen below $220/t cfr following the sale in Central America this week, with cargoes arriving priced in the $230s/t cfr.

Uncertainty over prices is impeding purchases of granular urea for the west coast. A Chinese vessel is due around 10 June in Manzanillo, thought to be for Tepeyac. Freight rates have risen by $1-2/t from China this week and firm fob levels from China and southeast Asia make North African or potentially US granular urea more competitive.

Central America

Incofe tendered on 20 May to buy urea and ammonium nitrate for 1-10 June to east coast ports. It gave suppliers the option to offer DAP and MOP to increase the cargo size.

The tender included four options for shipments ranging 20,000-33,000t to Pto Cortes, Honduras, Santo Tomas, Guatemala, and Moin, Costa Rica, as follows:

- 10,500t of prilled urea and 9,500t of prilled AN
- 10,500t of prilled urea, 9,500t of prilled AN and 5,000t of dark brown DAP
- 10,500t of prilled urea, 9,500t of prilled AN and 8,000t of gMOP
- 10,500t of prilled urea, 9,500t of prilled AN, 5,000t of dark brown DAP and 8,000t of gMOP

Acron took the award and will supply 11,000t of prilled urea at around $215/t cfr together with 15,000t of AN.

In Honduras, Cadelga is in the market for prilled urea and AN for June shipment.

Brazil

The urea market presents a confusing picture, with prices covering a wide spread this week. Bids from some buyers are reported at $208-210/t cfr. Small sales (less than 5,000t) have been made at $215-216/t cfr main port. Offers from some suppliers remain at $220/t cfr, although there is no indication this level has traded outside the paper market.

Helm is reported to have sold a cargo of Nigerian (Notore) urea to Fertipar. Fertipar was inquiring for up to 20,000t for Sao Francisco do Sul. Heringer is inquiring for 20,000t for

Brazil - urea vessel line up						
Vessel	*000t*	Origin	Supplier	Disport	Status	Date
K Ruby	10	Qatar	Ameropa	Pto Alegre	arrived	19-May
GH Eclipse	43	Algeria	Koch	Aratu comp Paranagua	arrived	17-May
Baltic Jaguar	33	Algeria	Nitron	Santos	berthed	18-May
Socratis	30	Russia	Eurochem	Paranagua	eta	22-May
Daryabar	65	Iran	Sapid	Imbituba	eta	25-May
Ocean Royal	45	Qatar	Yara	Rio Grande comp SFDS	eta	26-May
Star Omicron	25	Saudi Arabia	Sabic	Tubarao	eta	23-May
Federal Ems	23	Russia	Yara	SFDS	eta	29-May
Union Erwin	42	Qatar	Ameropa	Paranagua	eta	01-Jun
Wulin	15	Russia	Eurochem	Tubarao	eta	10-Jun
Medi Tirreno	45	Qatar	CHS	Santos	eta	11-Jun
TOTAL	**376**					

Vitoria and Cibra 8,000t to Paranagua and Rio Grande.

The line up of vessels announced for Brazilian ports remains modest at 376,000t through to mid June, but will increase from July onwards as seasonal demand picks up.

Argentina
The urea market is active, with small lots of granular urea selling regularly as traders build cargoes to ship from Algeria and elsewhere. Prices are in a wide range, generally in the $220s/t cfr.

AMMONIUM SULPHATE

Black Sea/Baltic
SBU Azot has around 8,000t of capro grade amsul to sell for June shipment. Bids for amsul for shipment from the Baltic in combination with other fertilizers are around $95/t fob, while offers are $10/t higher at $105/t fob.

Grodno Azot is still running caprolactam production at reduced rates due to weak downstream demand and is only supplying amsul to domestic buyers for direct application and compaction. There is no availability for offshore export or overland shipments to neighbouring markets.

Asking prices for European amsul remain at €110/t fob, but sales are likely to be concluded between €105-110/t fob for June.

Grupa Azoty reported a 13pc reduction in caprolactam production in the first quarter of 2020 due to technical shutdowns and lower demand and prices for caprolactam resulting from Covid-19 pandemic. This has curbed amsul availability as a by-product.

Northwest Europe
There is limited interest from the international market at present, and producers are focusing on European sales.

Spot demand for standard amsul from NPK and ASN producers is lacklustre in Europe, and suppliers are moving June tonnage mainly under contract. Producers having spot cargoes to sell are under pressure to lower prices. Offers from some suppliers have moved down to €110/t fob, equivalent to around $120/t fob, others still report sales at prices netting back to about €120/t fob, or $131/t fob, but only for truckloads.

Domo and OCI have yet to announce new season prices for granular amsul in Germany. Domo is reported to be offline due to technical issues, but direct confirmation and details were not available. OCI is expected to issue prices for June deliveries to Germany and Benelux by the end of May.

Sales of G3 amsul in France are reported slightly below list prices announced by OCI last week at €195/t cip and €187/t cif.

Demand for G2 is limited at present, but stocks are equally low. A combination cargo of standard and granular amsul totaling 30,000t is scheduled to load for Brazil in June under an earlier sale. Shipments to Brazil are expected to continue in July, but netbacks are likely to move down for granular product due to supply pressure from Chinese material. Demand from the US is expected to resume in August for autumn fill. Smaller quantities of granular amsul could load for Africa as well, there is interest for 5,000t for August shipment to an African destination.

China
Chinese capro grade amsul is committed through the first

half of June after a flurry of sales to South and southeast Asia at prices in the low/mid-$90s/t fob. Offers are $95-96/t fob for second half June loads with the next test coming in Atlas' tender on 25 May.

Indagro will load around 25,000t of Wuzhoufeng compacted amsul in Qinhuangdao during early June, to be shipped to Brazil in combination with NP products.

A combination cargo of 15-20,000t of Wuzhoufeng granular amsul and 10,000t of standard amsul will load for South Africa in late June, with standard material booked in the mid-$90s/t fob this week.

Compacted/granular amsul is indicated at $120-130/t fob depending on quality.

Malaysia

Several freight inquiries have been circulating for cargoes ranging 20-28,000t to load between late May and early June in Yangtze River ports for shipment to Pasir Gudang. These are primarily ammonium chloride and/or MMA grade amsul cargoes for use in NPK production. MMA grade amsul prices currently range $88-92/t cfr Malaysia.

Sri Lanka

CIC closed a tender on 12 May to buy 4,000t of capro grade amsul. Valency took the award at a reported price around $119/t cfr bagged including 180 days' credit, to be shipped in containers from China.

Asia Commercial closed a tender on 15 May to buy a total of 2,200t of amsul for delivery to Colombo before the end of June. It is understood to have awarded a different trader at a similar price, with the cargo also expected to ship from China in containers.

Philippines

Atlas will hold a tender on 25 May to buy 8,000t of capro grade amsul for second half June shipment to Sangi and 6,000t for Davao.

Vietnam

SCC will load 6,000t of capro grade amsul in Fuzhou 5-10 June for shipment to Vietnam under contract.

Indonesia

Petrokimia Gresik retendered this week for its annual capro grade amsul contract requirement totaling around 320,000t. Offers were to be submitted basis a formula linked to published prices.

Brazil amsul vessel line-up

Vessel	*000t*	Origin	Charterer	Disport	Status	Date
Pretty Victory	7	USA	Mosaic	SFDS	sailed	10-May
Star Kinn	9	China		Rio Grande	sailed	13-May
Apex Voyager	34	China	Fitco	Paranagua, Santos	anchored	9-May
Baltic Wasp	56	China	Indagro	Paranagua, Rio Grande	anchored	12-May
Josco Yangzhou	31	China	Gavilon	Paranagua	anchored	14-May
SBI Bravo	42	China	Agrilaf	Paranagua, Tubarao	anchored	16-May
Western London	19	Poland	Comexport	Paranagua	berthed	18-May
Taikoo Trader	13	Belgium	Fitco	Porto Alegre, Rio Grande	eta	21-May
Halandriani	2	France	Timac	Rio Grande	eta	27-May
Dayang Confidence	32	China	Ameropa	SFDS, Rio Grande	eta	28-May
Anatoli	33	China	Bulkfertz	Paranagua	eta	3-Jun
Araucaria	21	China	Fitco	Paranagua	eta	30-Jun
Total	**299**					

Brazil AN vessel line-up

Vessel	*000t*	Origin	Charterer	Disport	Status	Date
Wellpark	16	Russia	Acron	Paranagua	sailed	13-May
Kmarin Mugunghwa	5	Lithuania	Yara	Rio Grande	eta	22-May
Port Imabari	44	Russia	Acron	Paranagua, Fortaleza	eta	25-May
Medi Astoria	5	Netherlands	Yara	Rio Grande	eta	7-Jun
Total	**70**					

It is understood the same trader as last time submitted the lowest offer at a substantial discount to the formula. There was no conclusion by press time.

US

BASF to end distribution agreement with APF

BASF plans to end a longstanding agreement with fertilizer marketer American Plant Food (APF) for the distribution of amsul, according to sources at both companies.

The agreement, which lasted more than 50 years, will end in 2021, according to APF. The company currently markets amsul produced at the BASF caprolactam plant at Freeport, Texas.

Neither BASF nor APF commented on specific details of the distribution contract.

Brazil

Slow demand is dragging prices down in Brazil. Compacted/granular amsul offers range between the high-$140s/t cfr and mid-$150s/t cfr from multiple suppliers.

Indagro is in the freight market to load 60,000t of fertilizers in China 5-10 June for Paranagua and SFDS, including 35,000t of NPs in Nanjing and 25,000t of amsul in Qinhuangdao. Indagro is shipping Wuzhoufeng amsul to fulfil sales made in Q1.

AMMONIUM NITRATES

Central America

Incofe tendered on 20 May to buy AN for shipment in combination with urea to east coast ports, requesting 1-10 June loading for Pto Cortes, Honduras, Santo Tomas, Guatemala, and Moin, Costa Rica. Acron took the award, selling 15,000t at $155/t cfr. Freight from Muuga is put at $19-20/t.

Brazil

Prices for AN 34 have fallen in to the low-$150s/t cfr, with one 9,000t sale reported for July shipment at that level. Freight rates for cargoes from the Baltic are around $15/t at present.

France

Demand for imported AN has risen in May following the announcement of new season prices by Yara and Borealis. Traders have sold around 25,000t of UK-produced AN for May-June shipment to ports in northwest Franceat prices of €207-208/t fca in big bags. Several cargoes of Lithuanian AN are reported sold at similar levels for shipment into July.

On 20 May, Yara announced a small increase in its price for ammonium nitrate 33.5 for July delivery in France. Its new list price is €232/t cpt bulk, up by €2/t from its initial price of €230/t cpt for the 2020-21 season.

Distributors expressed surprise at the €230/t cpt level but have bought some of the AN offered for June delivery based on that price. Yara's main competitor in France, Borealis, set its new season price at €227/t cpt bulk.

Russia

AN prices have fallen to their lowest level since 2016 this week as producers have sold tonnage for June and July loading from the Baltic.

Sales netting in the mid-$130s/t fob have taken place in Central America and Brazil, while traders have covered earlier sales for Morocco in the high-$130s/t fob.

Dry weather in Russia brought an abrupt end to domestic deliveries and producers are anxious to sell the maximum quantities for export. Demand from sugar growers in Brazil is forecast to fall this year, and there was heavy forward selling of AN at low prices when oil prices slumped in March, which suppliers are bidding to cover now.

Producers in countries in eastern Europe are suffering from a similar lack of demand due to dry weather, adding to the competition for export business.

Ukraine

The Ukrainian government is considering introducing import quotas on fertilizers, according to market participants. Unconfirmed reports suggest imports of nitrogen fertilizers could be restricted to around 520,000t/yr. Ukraine imported 716,000t of AN, 242,000t of UAN and 207,000t of urea in 2019, according to data from GTT.

Ostchem's Rovno plant, which makes AN and CAN, is reported to be shutting down due to low demand for nitrates at present.

UAN SOLUTIONS

France

Offer prices for UAN 30 for August onwards delivery have moved down slightly, following unsubstantiated rumours of a sale at €144/t fca Rouen at the end of last week.

Bids are that level and one supplier is reported to be offering €145/t fca this week.

There is no apparent reason for lower prices, other than the bearish outlook permeating the nitrogen market. The US market has begun to see lower prices, but that is normal as the spring season comes to an end. Nor is there any major increase in UAN export supply for the summer.

Spain

Prices for UAN 32 have fallen slightly in Mediterranean ports, dropping to €180-182/t fca. Lower prices for CAN 27 are blamed, while there are import cargoes of 9,000t for Ameropa and 6-7,000t for Delso reported on offer.

Algeria

A 16,000t of shipment of ammonia is reported to be moving from Arzew to Annaba to be used in producing UAN solutions at Fertial's plants there.

US

Another week of weather-related delays in side-dress applications weighed on barge prices. UAN 32 prices dipped to $135-138/st fob Nola this week, with prompt trade framing the high end and indications at the low.

A barge sold early this week at $120/st fob Nola for prompt shipment but was excluded from the assessment because it is unrepresentative of the market.

But long-term price headwinds persist in Nola as urea prices have moved down to new lows and there is an overall weakness in the US nitrogen market.

Demand for UAN from river terminals has been sluggish because of delays to side-dress applications. The Midwest received upwards of 10 inches of rain in key UAN consuming states, delaying the start to side-dress fieldwork.

East coast demand strengthened this week, with terminal distribution ramping up from the mid-Atlantic to the northeast. But prices slipped to $190-200/t cfr on lower indications and weakening global values. Price ideas for summer arrival moved down to $160-165/t cfr.

Argentina

Bunge is expected to issue a tender in the coming week to buy 25-30,000t of UAN 32 for July shipment. A trader has sold 35-40,000t of UAN 32 for June shipment to Argentina in two lots, likely to load from the US Gulf.

CF earlier sold 17-18,000t of UAN 32 to YPF in the low/mid-$180s/t cfr for June shipment.

UK

Initial proposals by the government for trading relations after the UK leaves the EU on 31 December 2020 suggest that the EU anti-dumping duties on UAN will not be maintained, because the UK has no domestic production of UAN.

The EU imposed A-D duties ranging €22.24/t to €42.47/t on imports from Trinidad, the US and Russia in 2019.

If the UK does not adopt the A-D duty, it would open the way for shipments from Russia in particular. Cargoes from Trinidad and the US would be difficult to ship economically due to limited storage at UK ports, but cargo sizes in the range 6-10,000t would be workable from the Baltic.

The UK consumes about 400,000t of UAN annually.

Under the UK proposals, the common external tariff on nitrogen fertilizers would be reduced marginally, from 6.5pc to 6pc.

NEWS

Covid-19 brings uncertainty to Brazilian cotton market

The Covid-19 pandemic and the resulting recession are hitting demand for cotton all over the world and may reduce fertilizer purchases in Brazil.
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Acron starts up urea granulation unit

Fertilizer producer Acron has reported its 700,000t/yr urea granulation unit at Veliky Novgorod site in northwestern Russia is now on stream.
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Yara restructures global operations

Norwegian fertilizer producer Yara announced a large-scale restructuring of its global operations on 20 May.
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Polish Grupa Azoty 1Q fertilizer sales up, profits fall

Leading Polish fertilizer producer Grupa Azoty's sales volumes rose in the first quarter as farmers brought forward purchases amid fears the Covid-19 outbreak would reduce supply.
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EU mulls 20pc ferts reduction by 2030

The European Commission today put forward a so-called farm-to-fork strategy that also calls for national measures to reduce the use of fertilizers by at least 20pc thanks to a 50pc or more reduction in nutrient loss by 2030.
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SBU Azot goes forward with AN expansion

Construction of two new nitric acid units at Kemerovo is progressing well despite the measures introduced to counter Covid-19, according to Russian fertilizer producer SBU Azot.
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German CAN imports fall, despite shrinking urea usage

Germany's CAN imports were down by 3pc year on year in July-March, while urea receipts fell by over a fifth.
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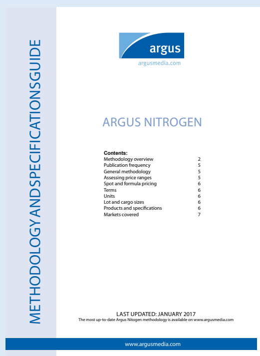
Argus Nitrogen Methodology

Argus uses a precise and transparent methodology to assess prices in all the markets it covers. The latest version of the Argus Nitrogen Methodology can be found at: www.argusmedia.com/methodology.

For a hard copy, please email info@argusmedia.com, but please note that methodologies are updated frequently and for the latest version, you should visit the internet site.



FERTILIZER DERIVATIVES

FIS Cash Settled swaps - 20 May 2020

Month	Bid	Offer	Mid	Basis
Urea (gran) fob barge NOLA (s ton)				
Jun	178	182	180	1.5kst
Jul	185	190	188	1.5kst
Q3	186	193	190	1.5kst
Urea (gran) fob Egypt (mt)				
Jun	212	217	214	5kmt
Jul	208	211	210	5kmt
Q3	206	216	211	5kmt
Urea (gran) fob Middle East (mt)				
Jun	212	219	216	5kmt
Jul	211	219	215	5kmt
Q3	210	221	216	5kmt
Urea (gran) cfr Brazil (mt)				
Jun	215	221	218	5kmt
Jul	214	220	217	5kmt
Q3	224	235	230	5kmt

Direct Hedge Cash Settled swaps - 21 May 2020

Month	Bid	Offer	Mid	Basis
Urea (gran) fob barge NOLA (s ton)				
Jun	178	190	184	1.5kst
Jul	185	190	188	1.5kst
Q3	188	198	193	1.5kst
Urea (gran) fob Egypt (mt)				
Jun	205	212	208	5kmt
Jul	200	212	206	5kmt
Q3			#DIV/0!	5kmt
Urea (gran) fob Middle East (mt)				
Jun	210	218	214	5kmt
Jul	210	220	215	5kmt
Q3			#DIV/0!	5kmt
Urea (gran) cfr Brazil (mt)				
Jun	214	219	216	5kmt
Jul	218	223	220	5kmt
Q3			#DIV/0!	5kmt

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Registered office
Lacon House, 84 Theobald's Road,
London, WC1X 8NL
Tel: +44 20 7780 4200

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Publisher
Adrian Binks

Chief operating officer
Matthew Burkley

Global compliance officer
Jeffrey Amos

Chief commercial officer
Jo Loudiadis

Global SVP editorial
Neil Fleming

Editor in chief
Jim Washer

Managing editor
Andrew Bonnington

Editor
Stephen Mitchell
Tel: +44 7889 720 010
fertilizer@argusmedia.com

Customer support and sales:
support@argusmedia.com
sales@argusmedia.com

London, UK
Tel: +44 20 7780 4200

Nur-Sultan, Kazakhstan
Tel: +7 7172 72 92 94

Beijing, China Tel: +86 10 8535 7688

Dubai Tel: +971 4434 5112

Houston, US
Tel: +1 713 968 0000

Moscow, Russia Tel: +7 495 933 7571

New York, US
Tel: +1 646 376 6130

Sao Paulo, Brazil
Tel: +55 11 3235 2700

Singapore Tel: +65 6496 9966

Tokyo, Japan Tel: +81 3 3561 1805