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Issue 25-9
Thursday
4 September 2025

Argus Monthly Urea Outlook



Outlook

The month ahead

Prices set in NFL's 2 September tender are approximately $70/t lower than those in the August inquiry, driven by increased availability of Chinese urea and limited alternative market demand. As a result we are anticipating fob prices to adjust downwards to around $435/t fob Middle East and $400/t fob Baltic at the low end of the range for the month ahead.

The next 3-6 months

Even once India's latest tender has concluded, purchases will need to remain above normal levels for the time of year owing to strong demand and depleted inventories. Another tender for 2mn t is likely later this month, extending into November, when Chinese urea may not be available for shipment. With key import markets about to head into season, our trade balance shows a deficit of export supply over import demand running through Q4 into Q1 2026.

12 months forward

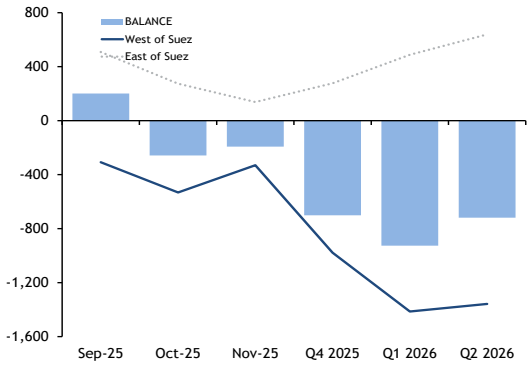
Demand from key importers has clearly weakened. It remains uncertain whether this reflects a permanent loss in import demand or simply a deferral until prices become more affordable. However, with prices expected to trend higher, affordability will likely remain a constraint until a correction begins — something we anticipate in the second quarter 2026. Even then, structural tightness in the market will limit the extent of any price decline.

Forecast urea prices *$/t*

	Sep	Oct	Nov	4Q25	1Q26	2Q26
Baltic Sea fob bulk (prilled)	400-430	405-440	420-455	420-455	415-445	355-380
Middle East fob bulk	435-460	445-470	445-485	445-480	465-495	400-425
China fob bulk (prilled)	390-440	390-445	400-450	395-450	460-490	395-420
North Africa fob bulk	430-455	430-465	445-485	440-485	485-515	410-435
US Gulf coast fob st	405-430	415-440	430-445	425-445	420-445	365-390
Brazil cfr	455-475	460-485	465-495	465-495	475-505	410-435

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Global balance forecast *'000t*



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Outlook summary

Prices eased by $20-30/t in most markets during August but remain overall at very high levels, unattractive and unaffordable in many countries. India is supporting prices unilaterally, having purchased 3.5mn t in the last two tenders and in the process of buying another 2mn t for October shipment.

Prices set in the 2 September Indian tender are around $70/t lower than in the August inquiry, reflecting the increased availability of Chinese urea and the lack of alternative markets. Fob prices will be marked down accordingly, to around $440/t fob Middle East and $400/t fob Baltic.

But even once the latest tender is concluded, purchases will continue above normal levels in India due to the increase in demand for urea and depleted stock levels. Another tender for 2mn t is likely later this month, extending into November, when Chinese urea may not be available. Buyers elsewhere have been waiting for India to cover its needs in the expectation that prices will ease after the tender.

That the exceptional level of demand from India has not driven prices even higher is due to the release of Chinese urea for export to India. We estimate that about 500,000t of Chinese urea will move to India under the August tender, with more to follow in the latest one.

However, Chinese export allocations are due to end in mid-October and, even allowing for some slippage, appear unlikely to feature much for November-December shipment. Reflecting this, our trade balance shows a deficit of export supply over import demand running through Q4 into Q1 2026, suggesting the international market will remain firm, and prices at elevated levels, through to the end of the year.

The view from several markets is that urea prices need to fall below $400/t cfr before normal demand levels are restored. With India providing strong support to prices, this appears unlikely, although a two-tier market is already effectively in existence, with the product unable to go to India selling substantially cheaper in other countries.

Demand destruction or deferral?

Lower demand is evident in the urea market. In the 13 major markets that account for over two-thirds of global urea trade, imports were down 855,000t in the first half of 2025, versus the previous year, a fall of 26pc. In the same period of 2025, prices for Middle East granular urea were $65/t higher on average than in 2024 at just under $400/t.

Price comparison $/t

	Previous month average	Sep forecast	Oct forecast	Nov forecast	Market sentiment
Baltic Sea fob bulk (prilled)	436-458	400-430	405-440	420-455	▼
Middle East fob bulk	497-507	435-460	445-470	445-485	▼
China fob bulk (prilled)	411-485	390-440	390-445	400-450	▼
North Africa fob bulk	473-503	430-455	430-465	445-485	▼
US Gulf coast fob *st*	426-443	405-430	415-440	430-445	▼
Brazil cfr	471-490	455-475	460-485	465-495	▼

**short-term*

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Prices have risen since, averaging just under $490/t fob Middle East in July and August, meaning demand has remained substantially lower in virtually every market apart from India in the first eight months of the year.

The question is whether this demand is lost, or whether it is being deferred until prices fall to more affordable levels. The answer is a combination of both, but overall, import demand is forecast to fall significantly in most markets. In countries such as Mexico, where demand peaks in March-September, it is too late to recover lost ground. Imports were down 27pc, or 330,000t, in the first half of 2024. Brazil imported an additional 1.16mn t of ammonium sulphate in January-July 2025, substituting virtually all the 565,000t drop in urea imports. This trend is expected to continue to the end of the year.

The picture is less straightforward in other markets. In Europe, there is minimal application of urea to crops before the first quarter, so buyers do have time to wait. But the outlook for wheat prices is weak and high urea prices make maximising nitrates production an attractive proposition for European manufacturers. So demand destruction for urea is likely. Urea imports will be subject to an additional levy from January, when the EU implements the next phase of its carbon border adjustment mechanism (CBAM) regulation. This is likely to encourage some stockbuild in November-December.

Similar comments apply to the US, with even more complications. Corn prices make urea an unattractive proposition at present, but buyers can afford to wait before making a final decision. Against this, local production will fall in the third quarter due to extensive turnarounds, with around 500,000t likely to be lost in the US and Canada, while stocks are low. Meanwhile, new tariffs make the US a less attractive

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Statistical price forecast

Approach to modelling

We use the statistical model as a guide, which our analysts then use to shape the direction of their forecast. Analysts are not bound by the modelled forecast and can use other tools, such as affordability indices and SRMC, to create their final forecast within the probabilistic distribution presented by the statistical model. The further forward in the forecast horizon we travel, the greater the weight on the statistical model, until the analyst's forecast converges with the 50th percentile of the confidence interval — the most likely outcome based on historical relationships. Allowing the divergence of the forecast is essential. Supply and/or demand shocks from events such as extreme weather conditions or unplanned maintenance are invisible to the model, ex-ante. We rely on the analyst to overrule the model and adjust the forecast to account for resulting market imbalances.

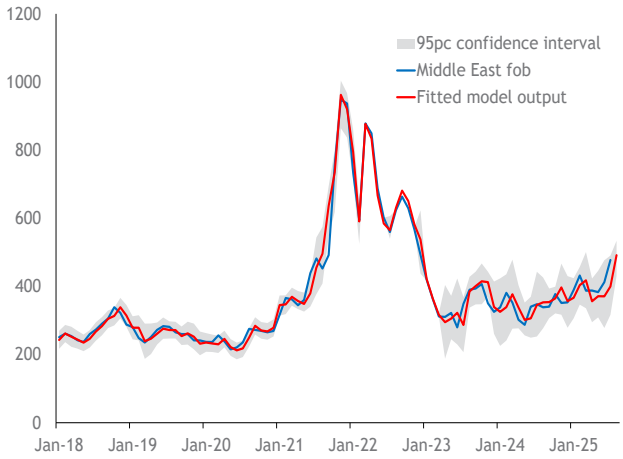
Analyst adjustments to statistical model

This month we have adjusted the seasonality component in our statistical models to make its influence more visible in the price outputs. We continue to expect the market to remain structurally tight through the fourth quarter 2025 and into the first quarter 2026. Key import markets west of Suez are likely to compete with India for cargoes midway through the fourth quarter, especially as Chinese exports are once again expected to halt. We anticipate prices will not undergo a significant correction until Q2 next year, in line with seasonal demand patterns and ongoing affordability concerns.

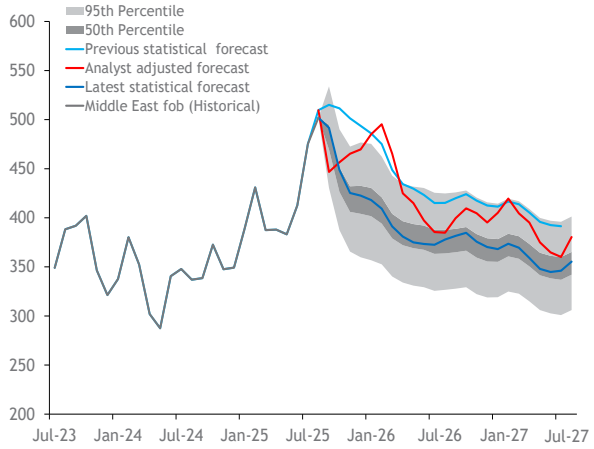
Methodology

Argus' statistical price modelling framework is powered by a distributional regression model, using linear and non-linear relationships to predict both future pricing levels and the probability of price variance around these levels. The framework uses industry leading machine learning practices to identify optimal drivers to produce probabilistic price forecast outcomes. Probabilistic forecasts can account for the distribution of values future prices are likely to take; for example, they can capture the likelihood of extreme events by modelling the heavy tails of a distribution. Our urea price model is specified by two main sets of drivers. The first is comprised of lagged urea prices, the Dutch TTF spot gas price, the price of wheat, a volatility estimate and drives the price level. The second set models the variance and uncertainty and contains the spot prices of Brent oil and ARA coal (6,000kcal). There are also parameters driving seasonality, as well as intervention parameters for the pandemic and Ukraine-Russia pricing shocks.

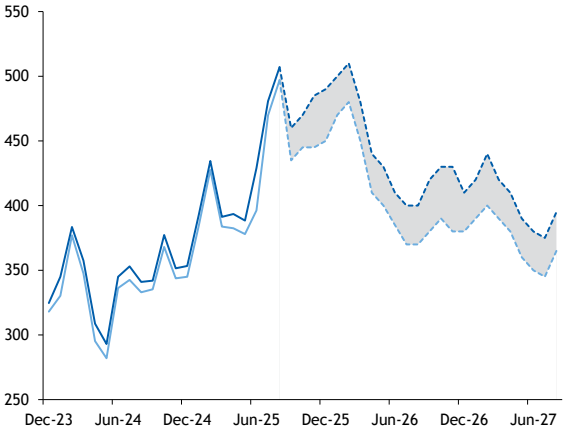
Statistical model fitted to historical data *$/t*



Forecast performance



Middle East fob *$/t*



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Global urea balance forecast

Subscriber notice
A detailed regional balance can be accessed here

Trade balance						'000t
	Sep	Oct	Nov	4Q25	1Q26	2Q26
Export total	2,898	5,540	4,910	15,040	13,200	14,075
Import total	2,697	5,798	5,102	15,741	14,126	14,794
West of Suez balance	-308	-532	-330	-978	-1,414	-1,358
East of Suez balance	509	274	138	277	488	639
Global balance	**201**	**-258**	**-192**	**-701**	**-926**	**-719**

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Revisions to forecast

Growing expectations that China will participate in India's latest tender have helped temper price increases over the past month, prompting a downward revision to our September price forecast. Prices eased by $20–30/t across most markets in August, although they remain elevated by historical standards. We continue to expect prices to firm again through the fourth quarter and into early 2026, consistent with the outlook presented in the previous edition of this report. Our updated forecast now sees Middle East fob prices peaking at $480–510/t in February 2026, compared with our earlier projection, which anticipated a much earlier peak.

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Regional outlook

Baltic Sea

Russian producers sold a large part of their September tonnage to India, totalling some 300,000t to date. Latin America and the US account for most of the remainder. Prices for Indian cargoes were in the $460s/t fob, while sales elsewhere have eased to $430-440/t fob.

A similar pattern is expected to emerge for October, netbacks from the latest Indian tender likely to be $400-405/t fob, with lower prices for Latin America.

We expect prices to firm during October and November due to global tightness in the urea market and a resumption of buying in Europe, rising to $430-460/t fob.

Middle East

Apart from sales to India, which netted back $505-510/t fob, there has been little spot business from the Middle East in August. Producers are comfortable through September, and have chosen to allow prices from NFL's 2 September tender to set the course for the market this month.

The lowest prices in the NFL tender are estimated equivalent to $440-445/t fob. We expect this to set the high end of prices for the coming month, with buyers outside India aiming to secure lower prices, netting in the range $430-440/t fob.

Whether they will be successful depends partly on how much Middle East tonnage is bought by India. We assume that another 600-700,000t of urea will be sold to India, and that contract shipments to lower-prices markets will be reduced.

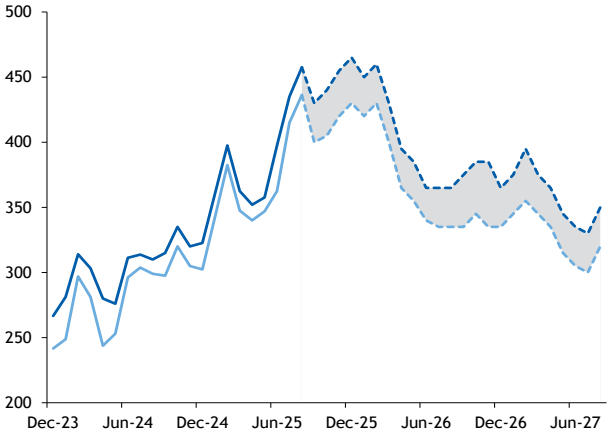
Around 500,000t of Iranian urea are reported to be unsold for September, partly due to problems with shipments to Brazil. Prices have fallen to $395-405/t fob, as producers attempt to shift the inventory in the face of competition from China.

China

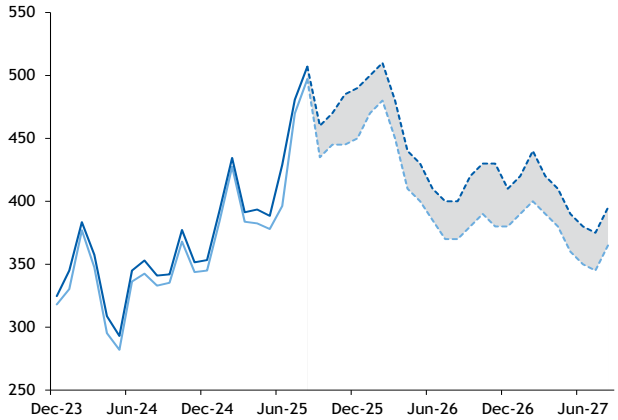
Some of the uncertainty around Chinese exports has cleared. Export allocations are estimated at 4.2mn t for the year – 2mn t in the initial allocation, 1.5mn t in the second round and a final 700,000t in the third allocation. Deliveries for export are still expected to end in mid-October.

Some 550,000t are being shipped to India under the August IPL tender. Another 600-700,000t could follow in the September tender.

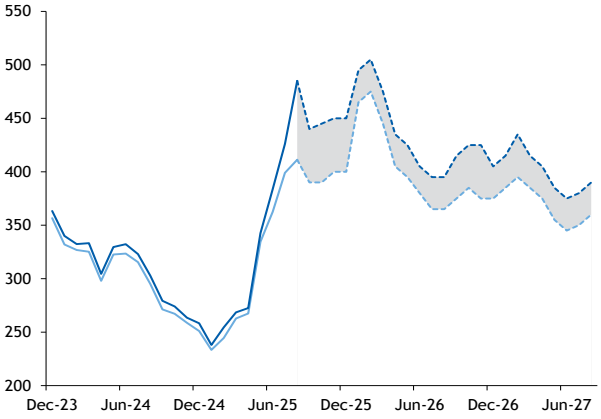
Baltic Sea fob:
Prilled prices are forecast at $400-430/t for September, rising by $10/t at the high end of the range in October.



Middle East fob:
Our Middle East fob benchmark is forecast at $435-460/t for September, rising to $445-470/t in October.



China fob:
Prilled urea prices out of China are forecast at $390-440/t for September and $390-445/t for October.



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China instigated a two-tier pricing system, prices for India set at up to $490/t fob, and some $50/t lower for other markets. But the low end of prices has fallen to $390/t fob in the face of slack demand from other markets. This is a competitive price in the current market, and is unlikely to go lower.

We expect Chinese urea to trade in the range $390-440/t fob in September-October before disappearing from the international market again through to mid-2026.

Egypt

Producers sold four cargoes of urea to ship to India in August and September at netbacks around $500/t fob, but little news of sales has emerged since. Offer prices have eased to $480-490/t fob for September, unattractive to buyers in Europe.

Prices are expected to fall for balance September and October shipments, Indian netbacks dropping to $425-430/t fob for shipments from Mediterranean ports. European buyers may return in September but so far there is little interest in buying urea for storage, and prices closer to $440-450/t fob will be required to prompt purchasing.

US Gulf

Urea prices have fallen over the past month to $410-430/st fob Nola due to low demand. This is below the replacement cost for any fixed price tonnage, equivalent to $450/t cfr at the low end, and more importantly, below the level of price in Brazil, regardless of any tariffs. As long as demand remains below normal levels, there appears to be little prospect of a sustained price increase; duty-free Russian urea will continue to flow in and cover most spot demand, along with a few contract cargoes.

But once sustained demand emerges, prices are expected to rise rapidly. On current trends, the US is heading for a shortage of urea in the distribution system for spring, necessitating heavy imports through the first quarter.

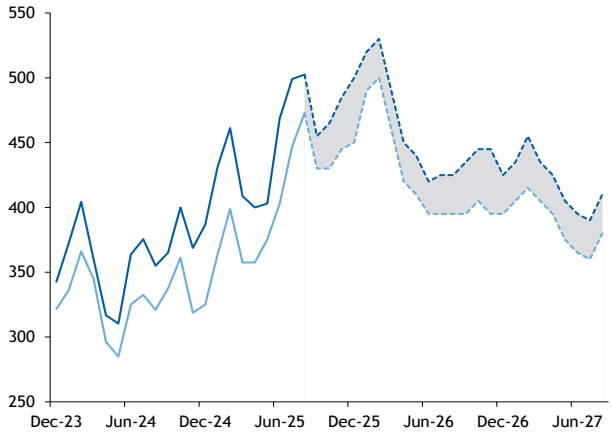
Brazil

Very little fixed price business is being reported at what is normally a busy time of year, indicative of resistance from buyers to current offers of $480-485/t cfr. It is likely most urea is being sold on a formula-priced basis.

With the overall market expected to firm in Q4, we expect Brazilian cfr levels to rise as a result, but reduced demand for urea suggests prices will lag behind international levels. We are forecasting prices in the range $440-460/t fob for September-October, rising towards $470-490/t cfr later in the year.

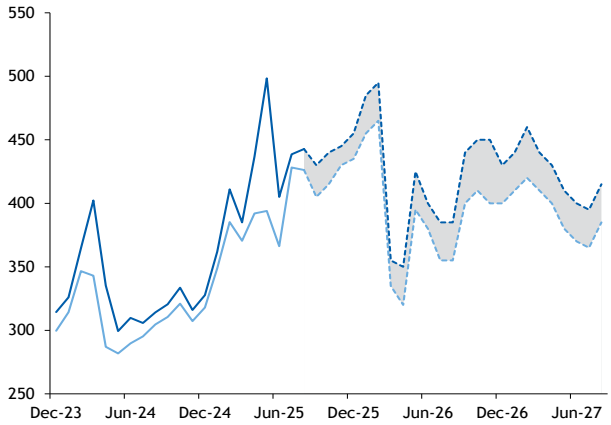
North Africa fob:

Granular urea prices out of North Africa are expected to average $430-455/t in September.



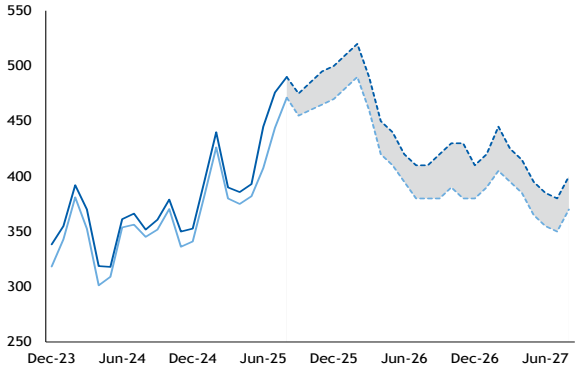
US Gulf fob:

Our US Gulf export price is forecast at $405-430/t for the month ahead, rising to $415-440/t in October.



Brazil cfr:

Prices into Brazil are expected to firm in the fourth quarter. The range is assessed at $455-475/t cfr.



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Regional outlook — Demand

India's growing need for imported urea is dominating the market. The current tender is expected to secure 2mnt, taking purchases to 6.5mn t for the year to date. The growth in urea sales this year suggests India needs to import at least 10.5mn t, possibly more if it wants to rebuild inventories — stocks fell to a very low 3.5mn t during August.

At least three further tenders are likely this year as a result, with a third successive tender to buy 2mn expected in late September, followed by others for slightly lesser tonnages for December-January shipment.

High prices for urea have deterred buying in most other Asian markets in the past month, with reports of some contract cargoes being cancelled or postponed. Once Indian prices are confirmed in the latest tender, some buying should resume.

While buyers in Europe and North America can wait in the hope that prices fall, importers in southern Africa and parts of South America do not have that option.

Argentinian demand appears to be holding up, with an increased area for corn helping. But Brazilian demand for urea has shrunk in 2025, imports totalling 3.1mn t between January and July — down 560,000t on the year.

Some demand is also expected to disappear, due to poor farming economics. Shipments are continuing on a formula-priced basis but at a slower pace than in 2024, with India taking some of the Middle East, Russian and African urea normally sent to Brazil in Q3. We expect around 3mn t of urea to be sourced before year-end. Urea remains essential for this season, as it cannot be fully substituted.

Farmers in South Africa are benefiting from a large corn crop this year, which should help maintain fertilizer demand in Q4. The country's peak season for urea imports is typically July-November, and we anticipate over 220,000t of urea will be sourced before the season ends, against an annual requirement of 900,000t. Elsewhere in Africa, Ethiopia's EABC is set to close a tender to buy around 450,000t of granular urea on 16 September, for shipment into Q1 2026.

The US presents a complicated picture. Imports have set off at the same slow pace as in Q3 2024, this year with the added hindrance of Trump tariffs, leaving Russia as the primary supply source. Corn prices are low due to the huge harvest forecast for 2025 and urea prices too high for stockbuilding, so imports are expected to remain low to December-January.

The main uncertainty is to what extent unfavourable economics will push farmers either to plant less corn and more soyabeans ,or seek alternative nitrogen fertilizers. On current trends, the US will need to import up to 5.7mn t of urea for 2025-26, implying a huge pull for cargoes February-March.

With urea prices expected to gain support in Q4, affordability is a key concern in Europe. With the CBAM transition period ending in January, some Q1 demand is likely to be brought forward. Buyers may act early to avoid uncertainty, potential delays, and, most importantly, to mitigate the impact of an additional carbon levy on urea imports.

Key markets summary

Demand summary *mn t*

	Previous year's imports (GTT)	Current year's requirement	Estimated purchases YTD 2025-26	Outlook
US	5.4	5.5-5.7	0.8	Requirement rising on production outages
India	5.8	10.5	4.5	Tender for 2mn t urea in progress
Thailand	2.6	2.5	2.0	Market nearing end of active season
Brazil	8.3	7.3-7.5	4.6	Affordability issues persist
Turkey	2.3	2.3-2.6	1.9	Import tariffs on Qatari urea removed
Australia	3.8	3.4	0.7	Favourable rains improving some local demand
France	1.7	1.6	0.3	Market out of season

**Reporting year shown for US and France is Jul-Jun, India's is Mar-Apr.*

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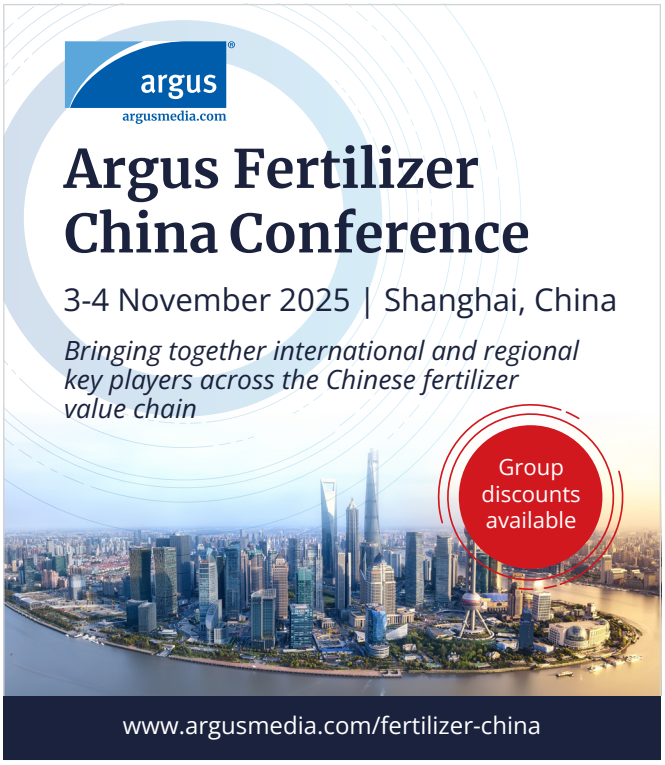
New capacity

New projects 2025-26

Company	Location	Date expected	Capacity '000 t/yr	Notes
Several	USA	2024-26	574	We expect 279,000 t/yr of pro-rated net capacity to be added in 2025
Shchekinoazot	Efremov, Russia	Feb-25	700	Following a spate of delays, Shchekinoazot's 700,00 t/yr urea project produced its first urea in 1Q25 and is understood to be exporting volumes to the international market
Hengam	Iran	4Q-25	1,155	Argus understands the plant's urea reactor was delivered in August.
Acron	Novgorod, Russia	2025	385	There is also 375,000 t/yr of ammonia capacity included in the project scope
Gemlik Gubre	Gemlik, Turkey	4Q-25	566	We continue to await official confirmation of first urea production
UCF	Chilanga, Zambia	2H-26	300	Argus revises capacity estimate based on new guidance. Construction is progressing well

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Production costs

Urea production costs

Latest costs for a Russian mid-range exporter have been assessed at $155/t fob for September. Our Russian production cost estimate was calculated using wholesale gas prices for the Novgorod region, excluding value-added tax (VAT), estimated at 4,876-5,120 roubles/'000m³, at an exchange rate of Rbs80:$1, equating to a delivered gas price of $2.82/mn Btu.

Costs for efficient northwest European producers are estimated at $293/t so far for September. Muted demand for LNG in Asia has boosted the number of cargoes offered to Europe in October which, alongside heavy maintenance at German import terminals, has widened the northwest Europe delivered LNG price's discount to the Dutch TTF gas hub in October, compared with later months.

US production costs have been assessed at $117/t for the month of September so far. US Henry Hub gas prices had been rising, as growing LNG exports compete with higher demand from US gas-fired power plants meeting surging electricity use by large artificial intelligence (AI) data centres. The latest EIA short-term energy outlook expects Henry Hub gas prices to average $4.30/mn Btu next year — almost double last year's average. US gas output is expected to remain relatively flat, while LNG exports are projected to rise by a third compared with last year.

The fob production cost from Iranian exporter Pardis Petrochemical is assessed at $185/t fob for September. Iranian natural gas prices to urea producers are formula-based, and are closely linked to international gas hubs such as the Dutch TTF and the US Henry Hub, as well as international crude oil prices.

Costs for Chinese urea producers have been most recently assessed at $175-293/t fob for the month ahead. Chinese coal prices have remained broadly stable month-on-month amid weak domestic demand from the residential and power generation sectors.

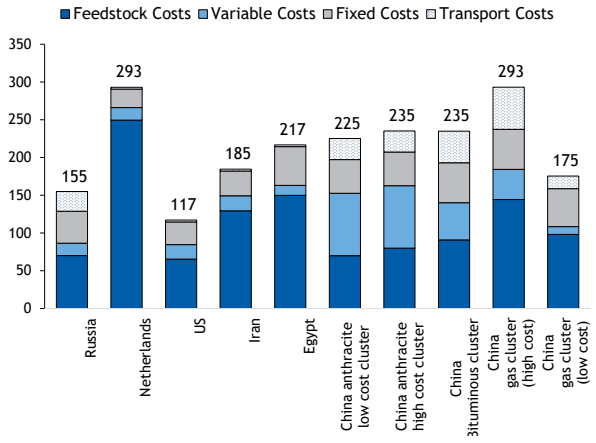
US Henry Hub

US Henry Hub prices fell to $2.91/mn Btu in August from $3.20/mn Btu in July, marking the most bearish trend of the year. Cooling demand declined in August, because temperatures continued to fall ahead of the autumn shoulder season, which began on 1 September. This seasonal transition typically slows weather-driven natural gas consumption in the shoulder months of September and October, and accelerates storage injections. Natural gas inventories have increased by 1.519tr ft³ so far in 2025, 34pc higher than the five-year average build of 1.135tr ft³ according to US Energy Information Administration (EIA) data. Elevated storage volumes suppress gas prices because they reduce concerns about supply shortages or demand spikes.

Dutch TTF

Dutch TTF gas prices dropped to $10.96/mn Btu in August from $11.41/mn Btu in July, their lowest level since July 2024

Urea production costs *$/t fob*



Urea production costs

Country	Gas price *$/mn Btu*	Anthracite/coal price *$/t*	Total *$/t* fob
Russia	2.82		155
Netherlands	10.85		293
USA	2.88		117
Iran	5.46		185
Egypt	5.75		217
China anthracite low cost cluster		113	225
China anthracite high cost cluster		129	235
China Bituminous cluster		101	235
China gas cluster (high cost)	8.87		293
China gas cluster (low cost)	3.96		175

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because of weak Asian demand and high European inventories. EU gas inventories rose to 78pc of total capacity by the end of August, from 68.3pc in July, because of faster-than-expected injections over the summer. Injection rates are likely to slow in September because of current price levels.

If the strong pace from early August continues, only booked capacity in the Netherlands, Hungary and Latvia would remain unfilled by mid-October. Around 15pc of EU storage may still be empty by October, as much of it is not booked and injection rates are expected to be slower. This raises the risk of firms paying for capacity they cannot fully use, and will require deeper discounts to encourage bookings. Meanwhile, Europe's LNG imports remained strong in August because of high injection demand and increased cooling needs, particularly in southern Europe. Net injections into EU underground storage averaged 3.6 TWh/d in August, up from 3 TWh/d on the year, according to the GIE data.

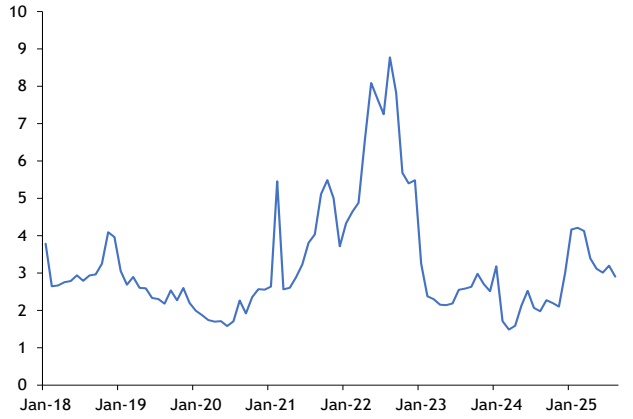
The EU will begin its phased ban on Russian gas by 2028 with the expected expiry of Greece's Depa contract in January 2027 which will reduce Turkish Stream flows. Adding to geopolitical tensions, the US president Donald Trump is adding to uncertainty over Russian export volumes by threatening secondary tariffs on countries buying Russian energy unless peace talks on Ukraine progress. Europe is exploring alternatives to offset the loss of Russian supply.

In response, the EU is exploring alternative sources to offset the loss of Russian supply. Romania's Neptun Deep field could support central and eastern Europe, while Italy's Adriatic Line project may enable increased Algerian exports. Azerbaijan has pledged to nearly double its gas deliveries, contingent on European investment in supporting infrastructure. While these alternatives are promising, their scalability and reliability remain uncertain.

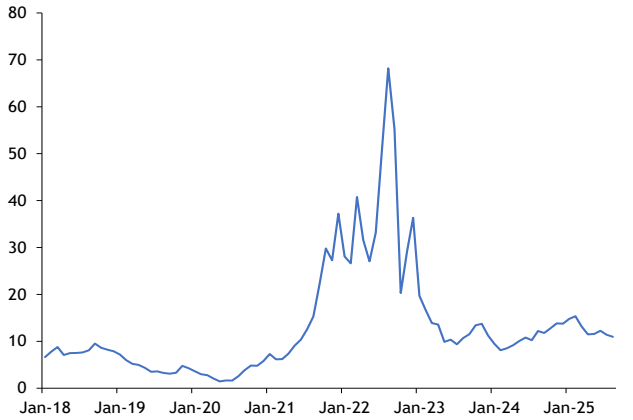
Northeast Asian LNG

The ANEA price for spot LNG deliveries to Northeast Asia fell to $11.5/mn Btu in August, down from $12.3/mn Btu in July, because of high storage inventories and weak demand. Further price decline is expected because supply remains firm, and storage levels are elevated. Japan's major power utilities increased their LNG inventories to 2.18mn t as of the last week of August, up by 19.1pc on the year despite stronger electricity demand. China's underground gas storage (UGS) injection demand has risen this summer because of new facilities, but domestic production is expected to meet most of the growth rather than LNG imports. Injections at older sites have slowed because of high inventories remaining from a mild winter, while new sites such as CNPC's Yu37 and Sinopec's Baimiao are ramping up. Domestic gas output is projected to grow by 3.6bn m^3 by October, covering the estimated 570mn m^3 increase in injection demand, amid weak overall gas consumption from other sectors.

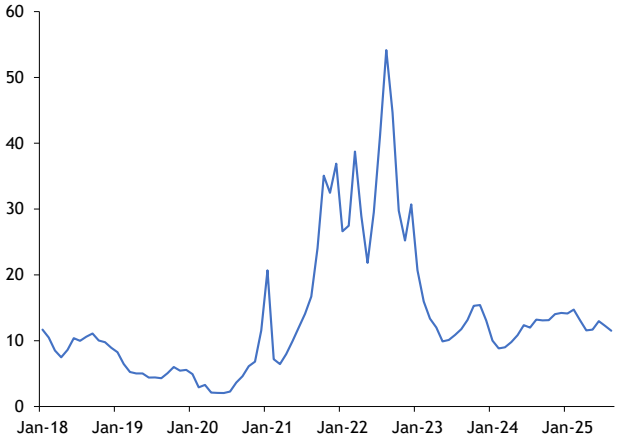
US Henry Hub ***$/mn Btu***



Dutch TTF ***€/MWh***



China LNG ***$/mn Btu***



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Macroeconomic outlook

The IMF's latest World Economic Outlook forecasts the global economy will grow by 3pc in 2025 and 3.1pc in 2026, more than it was expecting just three months ago. The revisions come with the caveat that "risks to the global economy remain firmly to the downside", chief economist Pierre-Olivier Gourinchas says. He also notes the possibility President Donald Trump's tariffs could be reset to higher levels, or that the trade deals he concluded may unravel.

The effective US tariff rate is 17pc as of mid-July — lower than the 24pc rate if Trump had made good on his plans in April to impose high rates, the IMF estimates. Since then, the US has struck deals with the UK — keeping the US tariff rate at 10pc — and followed a similar model with the EU, Japan and South Korea, now all subject to a 15pc tariff.

Turning to the US economy, GDP grew at an annual rate of 3pc in the second quarter of 2025, rebounding from a 0.5pc decline in the first quarter. The increase was driven primarily by higher consumer spending and lower imports, per advanced estimates released by the US Bureau of Economic Analysis. Regarding employment, total non-farm payroll employment in the US climbed by 73,000 in July, the lowest number since April. The unemployment rate held steady at 4.2pc, with job gains in healthcare and social assistance having compensated for declines in federal government employment and non-farm payrolls, according to the US Bureau of Labor Statistics.

Shifting focus to China, the country's manufacturing PMI dropped to 49.3 in July from 49.7 in June, indicating continued contraction caused by a seasonal slowdown and extreme weather conditions, according to the National Bureau of Statistics (NBS). China's gross domestic product (GDP) growth hit 5.3pc in the first half year of 2025 despite a slowdown in the second quarter. The growth was partially driven by stronger-than-expected exports. The country's export value totalled $325bn in June, up by 2.9pc on the month and 5.6pc on the year, Chinese customs data show. The month-on-month increase was partially driven by a rush to send cargoes to the US so they would arrive before 9 August, the deadline for an additional 24pc tariff on Chinese goods.

The eurozone economy expanded at the lowest possible rate in the second quarter of this year, according to preliminary figures from the EU's statistical office Eurostat. Seasonally-adjusted gross domestic product (GDP) increased by 0.1pc in the single-currency bloc and by 0.2pc in the EU as a whole. These mark a slowdown from revised respective growth of 0.6pc and 0.5pc in the first quarter, Eurostat said. The highest growth was in Spain. Germany's economy contracted for a second time in three quarters. Italy's GDP turned negative, as did that of Ireland after remarkable growth in the first quarter of this year.

Argentina's economy continues to expand, growing by 6.2pc in the six months through to June compared with a decline of 3pc during the same period a year earlier, according to preliminary data from the statistics agency, Indec. The economy expanded by 6.4pc in June, with double-digit growth in financial services and the wholesale and retail sector. Manufacturing was up by 7.8pc from a year earlier. The mining sector was up by 11pc, while manufacturing was up by 7.8pc from a year earlier. June was the ninth consecutive month of economic expansion since President Javier Milei's administration began a radical adjustment shortly after taking office in December 2023.

The Milei administration has stopped economic decline and rampant inflation by reducing the size of the state and dramatically curbing public expenditures, including subsidies on power and natural gas. Subsidies of public services were down by 26.6pc in the 12 months ended in July. Subsidies have dropped from 2.1pc of GDP in 2023 to 0.4pc today, according to the government. Inflation for the first six months of the year was 17.3pc, compared with 87pc during the same seven months in 2024, according to Indec. The government's top economic concern now is the exchange rate, with the peso falling by 12pc against the US dollar in July.

Mexico's association of finance executives IMEF nudged its 2025 GDP growth forecast higher in its August survey, with trade tensions easing after a major US tariff hike was postponed. IMEF increased its full-year GDP growth estimate to 0.4pc from 0.1pc held over the past three months, but emphasised that growth will remain "very weak" for the rest of the year.

The uptick followed the US decision to pause for 90 days its plans to raise the flat tariff rate on Mexico to 35pc from 25pc, originally scheduled for 1 August. IMEF now expects the central bank to make additional cuts to its target interest rate from the current 7.75pc to reach 7.25pc by the year-end, compared with the 7.5pc projected in the July survey. It also projects the peso to finish 2025 at Ps19.70/$1, stronger than the Ps20.10/$1 forecast in July.

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Agricultural analysis

Crop fundamentals

The USDA global corn production forecast for 2025–26 has been revised upwards by 25mn t in August, to 1.289bn t. The increase is driven almost entirely by the US, where output was raised by 26.3mn t to 425.3mn t following a 1.9mn acre expansion in harvested area. Growing conditions have been favourable, with 72pc of the crop rated good-to-excellent, up 5pc from last year. Ukraine's corn production was lifted by 1.5mn t to 32mn t, on a 200,000 ha increase in harvested area, based on official planting data. Canada's crop was raised by 300,000t, with yields now forecast at 10.34 t/ha, supported by timely rainfall. In contrast, EU corn output was cut by 2mn t to 58mn t, and Serbia's crop was lowered by 1.2mn t, both because of heat and drought stress in southeastern Europe.

The USDA global soybean production forecast for 2025–26 has been revised downwards by 1mn t in August, to 426.4mn t. The cut is led by the US, where output was lowered by 1.2mn t to 116.8mn t, following a 3pc reduction in harvested area to 324,000 km^2 (80.1mn acres). This was only partially offset by a 1.1 bu/acre increase in yield to 53.6 bu/acre — a record high, reflecting favourable growing conditions across much of the Corn Belt. Production declines are concentrated in the Delta and Central Plains, while gains are expected in the Western Corn Belt. As of early August, 69pc of the US soybean crop was rated good-to-excellent, up from 67pc last year.

The USDA global wheat production forecast for 2025–26 has been revised downwards by 1.7mn t in August, to 806.9mn t. The largest cut is to China, where output was lowered on reduced yield estimates from the National Bureau of Statistics. In contrast, EU wheat production was raised by 1mn t to 138.3mn t, with improved yields in Romania and Slovakia offsetting a reduction in harvested area. US wheat production was trimmed to 52.5mn t, down 2pc year-on-year. The revision reflects lower harvested area across all classes, which more than offset a slight increase in yield.

Hard Red Spring (HRS) wheat saw the largest month-on-month decline, while Hard Red Winter (HRW), Soft Red Winter (SRW) and Durum were revised higher. Production in Brazil and Argentina was also revised down, based on updated area data from CONAB and Argentina's Ministry of Agriculture.

The USDA global rice production forecast for 2025–26 has been revised upwards by 200,000t in August, to a record 541.5mn t (milled basis). The increase is driven by upward revisions for Nigeria and the US, which more than offset cuts to South Korea and Ivory Coast. Nigeria's revision reflects a higher harvested area estimate, while the US increase stems from expanded acreage despite a lower yield forecast. Year-on-year, global rice output is projected slightly higher, with gains in Bangladesh, China and India offsetting declines in Brazil, Cambodia, Indonesia, Nigeria, Thailand, the US and Vietnam.

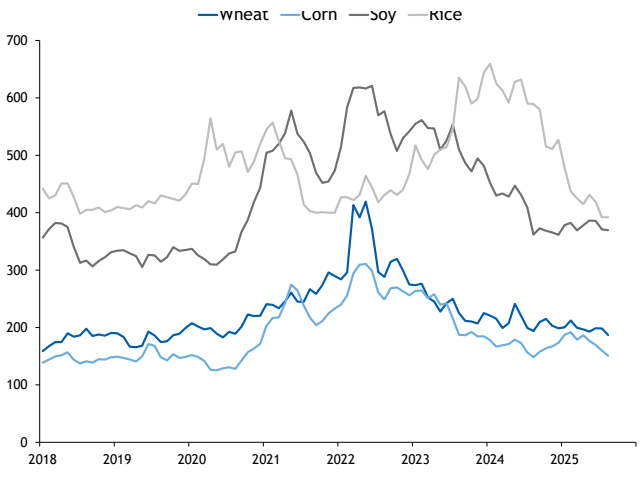
Prices

Corn CBOT futures fell by $9/t in August, down to $151/t. The primary driver was the accelerated harvest pace of the US crop, which confirmed higher-than-anticipated yields, despite earlier drought concerns. This surge in immediate availability coincided with sluggish export demand, particularly from China. The combination of robust supply and weak international buying interest exerted sustained downward pressure on corn futures throughout the month.

Soybean CBOT futures fell slightly in August, down to $370/t, a $1/t decrease. The market was weighed down by favourable rainfall in key US growing regions, which bolstered yield prospects for the forthcoming harvest and alleviated previous weather-related anxieties. Furthermore, a notable reduction in Chinese importing, as the country's economic activity slowed, significantly weakened demand fundamentals.

Wheat CBOT futures fell in August, down to $187/t, repre-

Crop prices *$/t*



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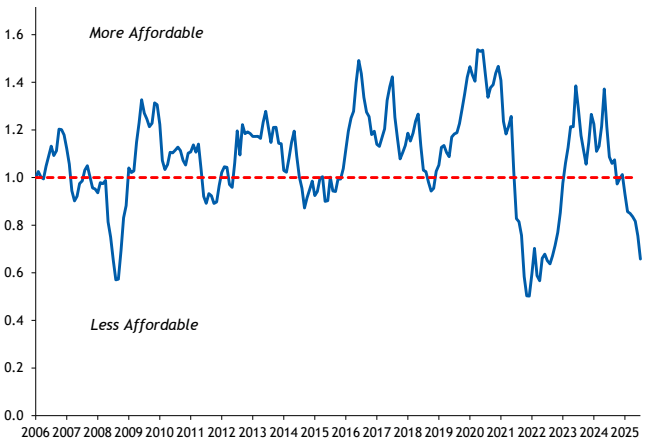
senting a $11/t fall. The price fall was largely attributed to a massive harvest in Russia, which continued to flood the global export market with low-cost supplies. This overwhelmed import demand and forced other origins, including the EU and the US, to lower their export quotes to remain competitive. The sheer volume of cheap Russian wheat created a glut that pushed global benchmark prices downwards for the month.

Thai 5pc broken milled white rice prices fell by $17/t in July, reaching $375/t. The decline was driven by the imminent arrival of new-crop supplies from major producers like India and Vietnam, which signalled even greater availability in the near-term. Competitive pricing from Thailand and Vietnam intensified, as they sought to increase their market share before the new harvest.

Affordability

The *Argus* Affordability Index fell again in August, down by 0.5 percentage points, to 0.61. This is the lowest level the index has hit since April 2022. A further rally in urea and DAP prices through August (particularly in urea prices), as well as some support from more mildly increasing MOP prices has continued to weigh heavily on the index, now with no support from crop prices. All four crop prices used in the index fell in August, causing a further fall in affordability. Fertilizers are currently deemed unaffordable.

Fertilizer affordability index ***index***



Note: Our global fertilizer affordability index is calculated with the ratio between fertilizer and crop price index, with the base year set at January 2004. The overall index is adjusted by the crop cycle average. An affordability index above 1 indicate that fertilizers are more affordable when compared to the base year, and vice-versa. The fertilizer index includes international prices for urea, DAP and Potash, adjusted by the global usage in terms of mn t of product. Our agriculture index includes all major grain prices: wheat, maize, soybeans and rice and average by crop importance.

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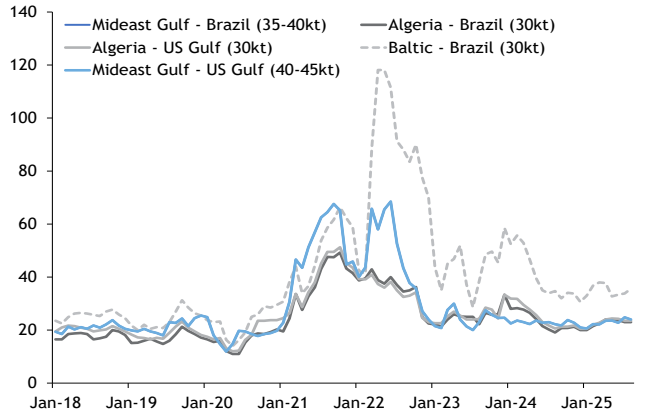
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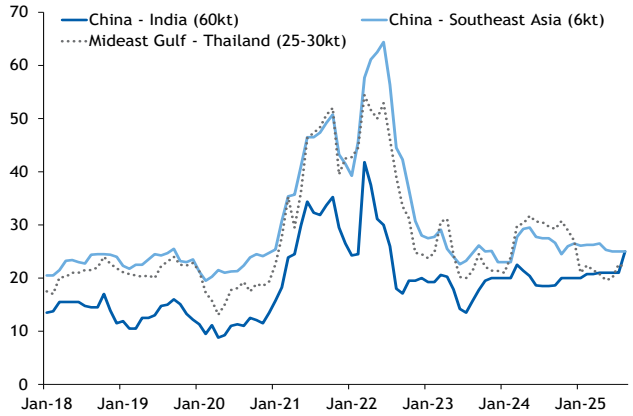
Freight

Freight rates on the Mideast Gulf–Thailand route fell by 3pc in August because domestic demand in Thailand slowed. Freight rates on the Mideast Gulf–Brazil route fell 3pc in August, because of cautious buying and competitive pricing. Suppliers cut granular urea prices to secure September cargoes, but fixed-price deals remain limited, with buyers choosing alternatives like ammonium sulphate because of affordability concerns. Brazil has launched a new direct maritime trade route between the Port of Santana in Amapa and China's Port of Gaolan in Zhuhai, significantly boosting bilateral trade. The route opened on 30 August, will reduce delivery times by up to 30 days and cut logistics freights costs by over 30pc. The Port of Santana in Brazil's Northern Arc will be a vital export channel for agricultural products from central-western Mato Grosso, and facilitates fuel movement from the centre-north.

West of Suez ***$/t***



East of Suez ***$/t***



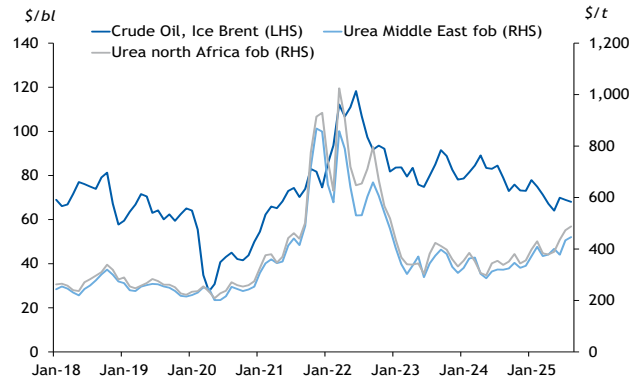
Crude oil

Crude oil prices remain elevated, despite weak underlying fundamentals. Opec+ has accelerated the unwinding of its voluntary production cuts, with output increases in August and likely September, potentially completing the process a year ahead of schedule. This is expected to result in a market oversupply of 1.5 mn b/d in the second half of 2025, rising to 2.5 mn in 2026 and potentially 4.4 mn in 2027, although a new quota regime is anticipated to prevent this outcome.

Non-Opec+ supply is also increasing, with North America leading a 1.4 mn b/d rise, outpacing global demand growth of 1.1 mn b/d. Opec+ maintains that fundamentals are strong, citing low OECD inventories. However, significant stockbuilds in China and India suggest the market may not be as tight as is claimed. The reliance on OECD data, which represents only 44pc of global demand, may misrepresent broader conditions.

Geopolitical developments are exerting a strong influence on prices. US policy under Trump, including threats of sanctions on Russia and secondary tariffs on energy buyers, is contributing to volatility. EU sanctions and ongoing trade negotiations add further uncertainty. While Opec+ remains optimistic, the market appears increasingly driven by political factors rather than supply and demand balance, leaving prices vulnerable to external shocks.

Crude oil ***$/b***



You can find more information on crude oil markets in Argus Fundamentals and the Argus Crude and Refined Products Outlook.

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Argus *Monthly Urea Outlook* is published by Argus Media group

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ISSN: 2399-8873

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