

African Fertilizer Market

The analysis of the African Fertilizer Market includes current prices, suppliers and tenders whenever possible. The sources of information are: IFDC, FMB Weekly Fertilizer Report, Fertilizer Markets, Fertilizer Week and Green Markets.

Vol. 14, No 8
August 2001

WORLD FERTILIZER MARKET OVERVIEW

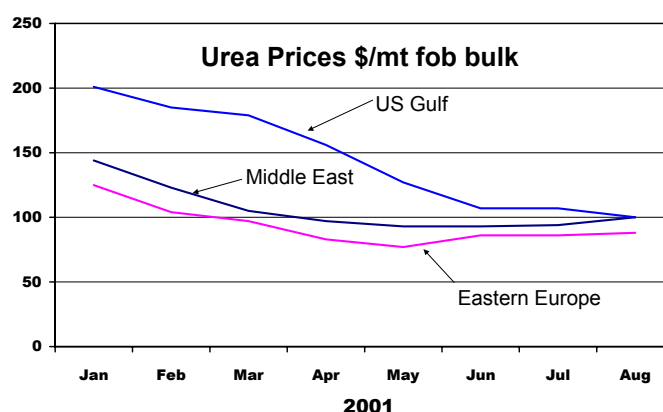
*(Spot Market Prices as of late August 2001 in U.S. dollars (\$)/mt, Unless Otherwise Specified)
Exchange rate per US\$: French Franc 7.46 (early August 2001), 7.18 (early August 2000)*

NITROGEN

UREA (prills)

Source	Bulk (fob)	Bagged (fob)
Middle East	97-104	107-114
Black/Baltic Sea	85-92	100-105
U. S. Gulf	109-111	N.A.
Other (Venezuela)	97-105	N.A.

The urea market moved slowly towards firming of prices in August, which were marginally higher than in July from the major supply sources in the Middle East and the Black/Baltic Sea. The main interest continued to center around the Indian tenders, in which suppliers were not able to fully gain the advantage they were seeking. The ban on exports of prilled urea from Indonesia continues. Prill and granular urea differential is now re-emerging, although the granular demand is still limited to a few big markets like the USA with Pequiven granular urea now also becoming popular in South American markets. Demand for urea prills is rapidly growing in expanding markets such as India and Vietnam.



Monthly Bulletin of the International Institute for Soil Fertility Management (IFDC-Africa)

BP 4483 - Lomé - Togo • Fax: (228) 21.78.17 • Telephone: (228) 21.79.71
E-mail: ifdcafrique@ifdc.org • Web: <http://www/ifdc.org>

Headquarters: IFDC, P.O. Box 2040, Muscle Shoals, Alabama 35662, U.S.A.

Siège: Téléphone: (1) 256 - 381 - 6600 Fax: (1) 256 -381- 7408 E-mail: general@ifdc.org

Suppliers

CIS urea was presented with a good opportunity to find its way into non-traditional markets due to the Middle Eastern (ME) suppliers' efforts to hold the price line at \$104-\$106/mt fob bulk. Substantial tonnages were offered from the Black/Baltic Sea in both the Indian tenders. However, firming of prices was not possible due to the ready supplies out of Venezuela. The shipments out of Yuzhny were about 200,000 mt for the month; and now with only 2 out of 10 urea production lines in Ukraine still down, the supply situation in September is likely to improve. Product availability in the Baltic area is limited.

The Middle Eastern suppliers seem to be well placed. They quoted in the Indian tenders at \$104-\$107/mt fob bulk. Most have substantial orders in hand and are comfortable on inventories.

In Indonesia it is planned to build a stockpile of at least 250,000 mt urea prills before exports are allowed. Although there are reports that the Exxon-Mobil gas operations have re-started, the gas has not yet been made available to the fertilizer units. Production therefore is limited. The only tonnages that are on offer for exports out of Indonesia are of granular urea.

Chinese urea continues to be offered at \$115/mt fob bagged; and, for serious inquiries, there is a reported discount of \$1-\$2/mt.

Oman India Fertilizer Company (Omifco) plans a financial closing of the proposed \$1 billion NH₃/urea joint venture project before the year end. Operations are expected to commence in the year 2004. The Indian partners have undertaken to uplift the production.

Markets

In the IPL tender in India, suppliers had quoted \$93-\$102/mt fob bulk from CIS and \$105-\$107/mt from the ME. IPL countered with \$96.50-\$98.50/mt for the supplies from ME and \$88.50/mt from Yuzhny. Some business from Yuzhny and Odessa has reportedly been done at \$91.50/mt. In the MMTC tender (75,000 mt) which opened on August 30 for September shipments, offers for Yuzhny material are around \$92.50-\$96/mt fob bulk and \$105-\$107/mt from the ME. There is an offer for Libyan material at \$88/mt. The final awards in these tenders will set the benchmark prices for September/October business.

The market in Vietnam is quiet with material being offered at \$111-\$115/mt cfr bulk from the ME.

In the August 7 CFC tender in Sri Lanka for 50,000 mt urea, offers received were between \$130 to \$136/mt cfr bagged. In the recent CFC tender for 6,000 mt, offers are reportedly around \$118/mt fob bagged.

Hydro is due to load 3,000 mt urea for **Malawi**.

ICEC is expected to load a combination of 10,000 mt urea and 5,000 mt MOP from St Pete's and Kaliningrad for Lagos, **Nigeria** with freight amounting \$30/mt. In addition to 9,900 mt bagged urea being discharged in Lagos, NBR has also sold 16,000 mt urea and 4,000 mt 15-15-15 from Novorossisk for late August shipment.

In July, Hydro loaded 20,000 mt granular urea from Qatar for its own system in **South Africa**. In addition to supplies of 20,000 mt Libyan urea following the Government tender floated late July, IPG has planned to load its third 20,000 mt urea cargo from Kuwait during the second half August for **Sudan**.

AMMONIUM SULFATE (Standard)

Source	Bulk (fob)
Western Europe	70-75
Eastern Europe	38-42

Ammonium sulfate from South Korea is being offered in the South Asian markets at around the mid- \$70s/mt cfr bulk. Indonesia is reported to have purchased some material from Western Europe at \$73/mt. In the domestic market in the United States, there is a wide variation in prices depending on location from \$113 to \$160/mt fob bulk; but the average prices are around \$140-\$147/mt.

AMMONIUM NITRATE/CALCIUM AMMONIUM NITRATE

Product	Source	Bulk (fob)
AN	Black/Baltic Sea	58-65
CAN	Germany	129-131*

*Mainly for the domestic market

In the USA, the US International Trade Commission has ruled that the AN supplies from Ukraine have been unfairly priced; and a regulatory duty of 152.29 % has been imposed on all such imports to provide local producers with an equal opportunity to compete.

In August, about 45,000 mt AN was shipped from Yuzhny for various destinations at \$58-\$60/mt fob bulk. From the Baltic Sea, prices for supplies to Brazil and other destinations have fallen rapidly from the mid-\$80s to the mid-\$70s/mt cfr bulk.

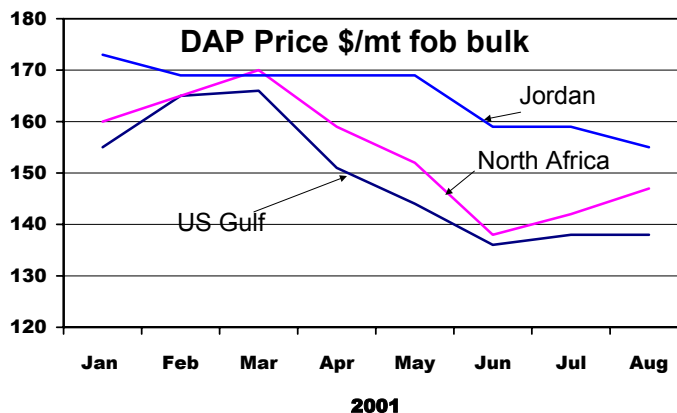
In **Egypt**, the Abu Qir IV project has been announced for the manufacture of NH₃, nitric acid, CAN, and AN. The CAN/AN capacity is listed at 840,000 mt which is mainly for the domestic market, although some exports will be made.

PHOSPHATES

DAP

Source	Bulk (fob)
U.S. Gulf	135-141
North Africa	145-150
Jordan	154-156

The DAP price saw a small erosion of \$1-\$2/mt from the US Gulf in August in the sales to Bangladesh and Pakistan with Tampa prices at \$135-\$138/mt fob bulk. Pakistan emerged as the main player in the DAP market with purchases of about 250,000 mt by several private companies at prices around \$165/mt cfr bulk. Other demand in South and East Asia was weak. The demand in Brazil continued. DAP prices are expected to stay at these levels as there is no substantial buildup of demand.



Suppliers

The suppliers from the US Gulf are comfortable with sales to India, Pakistan, and South America. In the year 2000/2001, the US exported 6.9 million tons of DAP and 2.4 million tons of MAP. The DAP volume was 37% lower than the previous year. Main DAP exports were to China, MAP to Canada, and Brazil took MAP and TSP. Presently in the domestic markets, DAP prices are flat at \$132/mt fob barges.

The DAP supplies from CIS were priced in the low \$130s/mt fob bulk. Since some commitments have been made for the domestic markets, this is reducing the tons available for exports. Colored DAP is now being produced for the Asian markets. MAP is priced in the low \$140s/mt.

In **North Africa**, Morocco and Tunisia are well placed with Morocco sold through September. Morocco product is priced at \$155/mt fob bulk. In Tunisia the last business was done at \$149-\$150/mt.

Markets

In Pakistan, KJB and Chawla booked 50-60,000 mt each from USChem and Hydro. Fauji, in a recent tender, purchased two handy-size shiploads from JPMC and one from Phoschem. Engro has booked two parcels of 25,000 mt each from Cargill with supplies out of Australia. The prices of all these transactions are reported at \$165/mt cfr bulk. Fauji has decided to shut down the DAP plant at FJFC from September in view of mounting losses and technical problems. Since JPMC will not have to supply phosphoric acid to this plant, it should be able to place more DAP into the Pakistan market.

China is expected to be back in the market for the fourth quarter requirements in the provinces. Presently, Phoschem has seven panamax orders for shipments September-December.

In India, IPL floated a tender August 29 for dark-colored DAP. JPMC is expected to play a big role in this business.

The market in Vietnam is quiet, being off-season.

Brazil continues with the purchases of MAP at \$163-\$168/mt cfr bulk.

Conagra has reportedly sold 6,000 mt DAP to MEA (**Kenya**) in the high \$170s/mt cfr, US Chem has been in the freight market for 10,000 mt DAP Tampa to Mombasa.

TSP

Source	Bulk (fob)
U. S. Gulf	118-125
North Africa	118-125

TSP is being offered from **Tunisia** and **Morocco** at \$120-\$125/mt fob bulk. Iran has recently concluded two purchases of 30,000 mt each from Tunisia and Morocco at \$120/mt.

MAP

Source	Bulk (fob)
CIS	140-145

MAP is on offer from CIS in the low \$140s/mt fob bulk.

POTASH

MOP

Source	Bulk (fob)
Vancouver	117-130
Northwest Europe	115-122

CIS 92-122

Demand this year is reported to be lower than last year. IFA reports a drop in the first half sales of 5.8 %.

Kali und Salz reports exports of 1.4 million metric tons and domestic sales in Europe of 350,000 mt MOP in the first half of the year, almost at the same levels as the first half of last year.

The Arab Potash Company has brought out a second cargo of red-colored MOP for India. APC plans to produce red-colored material for markets in India and China.

In India, due to delayed payments of subsidy, private companies are not yet in the market for arranging supplies. IPL has concluded contracts for its purchases for 2001-2002.

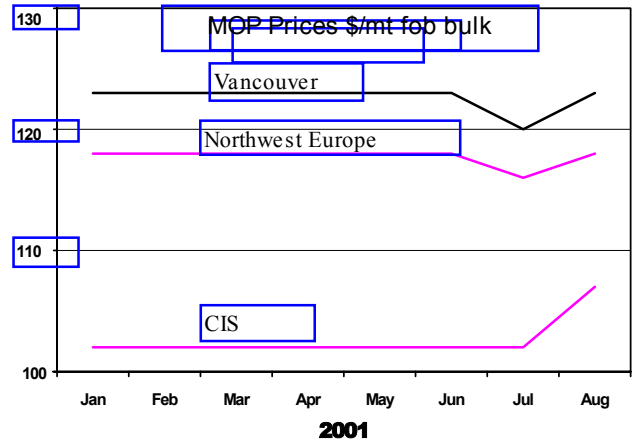
PUSRI in Indonesia has recently concluded contracts for about 70,000 mt MOP with Canpotex, Agrosin, and Kali und Salz at \$127-\$129/mt cfr bulk.

In Sri Lanka, CFC is importing 5,000 mt in bags at \$146.50/mt cfr.

Canpotex is in the process of negotiating new contract prices with Zen Noh in Japan.

ICEC is expected to load a combination of 10,000 mt urea and 5,000 mt MOP from St Pete's and Kaliningrad for Lagos, **Nigeria** with freight amounting \$30/mt.

In **South Africa**, Kali und Salz has sold 10-15,000 mt MOP to Omnia.



SOP

Source	Bulk (fob)
NW Europe	160-180

Early this month there was a freight inquiry in **Algeria** for 3,000 mt SOP from Ilychevsk to be loaded to Annaba.

OTHER

In **Egypt**, with the recent devaluation of the local currency which reflects a 6% drop in the pound against the US dollar, SOP buying activity has decreased and private importers are awaiting new domestic prices to plan further imports.

IFDC is organizing the following training programs in 2001:

- *Advanced Fertilizer Production Technology Workshop, October 15-19, Belgium;*
- *International Training Program on Computer Simulation for Crop Growth and Management Responses, October 15-26, South America; and*
- *International Fertilizer Marketing Training Program, November 5-16, Ho Chi Minh City, Vietnam.*

For information on these and other programs, please contact IFDC Headquarters, telephone: 256-381-6600, telefax: 256-381-7408, email: hrd@ifdc.org.



AFRICAN FERTILIZER TRADE SUMMARY TABLE

(Updates: June 23, 2001 – August 23, 2001)

Number	Product ¹	Mt	Country	Buyer	Destination	Price	Terms ²		Funded	Supplier/ Origin	Closed
Nitrogenous Fertilizers											
764	Urea	15,000	South Africa	Omnia	?	USD 117.50	CFR 180days	bulk		ICEC/	03-07-01
766	Urea	20,000	South Africa	Hydro	?	USD Unknown				Hydro/Qatar	--
761	Urea	15,000	Nigeria		Lagos	USD Unknown				Helm/Jubail	--
762	Urea	10,000	Nigeria		Lagos	USD Unknown				ICEC/St. Pete's	--
770	Urea	16,000	Nigeria	NBR	Lagos	USD Unknown		bulk		/Novorossisk	--
772	Urea	9,900	Nigeria	NBR	Lagos	USD Unknown		bag			--
747	Urea	80,000	Sudan	The Min. of Agri.	Port Sudan	USD Unknown	360days	bulk		Green Top/Libya	--
Phosphate Fertilizers											
744	DAP	50,000	Ethiopia	National Bank	?	USD Unknown			IDA	AISE/U.S.	30-04-01
765	DAP	15,000	Kenya		Mombasa	USD Unknown				Hydro/Tampa	--
768	DAP	10,000	Kenya		Mombasa	USD Unknown				US Chem/Tampa	--
769	DAP	6,000	Kenya	MEA	?	USD 170.00	CFR			Conagra/	--
Potash Fertilizers											
767	MOP	12,500	South Africa	Omnia	?	USD Unknown				Kali und Salz/	--
763	MOP	5,000	Nigeria		Lagos	USD Unknown				ICEC/Kaliningrad	--
Compound Fertilizers											
771	15-15-15	4,000	Nigeria	NBR	Lagos	USD Unknown				/Novorossisk	--

¹ (bb) = bulk blend

(Sources: FMB Weekly Email Report and Sources of IFDC-Africa)

² cif = cost insurance and freight; cfr = cost and freight; cip = carriage and insurance paid to; cpt = carriage paid to; for = free on rail; fot = free on truck; fo = free out; lo = liner out.