

RABI FERTILIZER SITUATION : MID MARCH 2014 AND OUTLOOK FOR KHARIF 2014

Executive Summary

1. SUPPLY/DEMAND SITUATION

1.1 Fertilizer Offtake during February 2014

Total nutrient offtake during February 2014 was about 268 thousand tonnes, showing an increase of 17.1 per cent over February 2013. Nitrogen offtake decreased by 1 per cent however, phosphate offtake increased significantly by 241.3 per cent. Potash offtake also increased by 67.0 per cent. Urea offtake during February, 2014 was about 378 thousand tonnes, which decreased by 9.6 per cent. DAP offtake was 101 thousand tonnes, which increased by 336.5 per cent over February 2013.

1.2 Fertilizer Offtake during Rabi 2013-14 (October-February)

Total fertilizer nutrient offtake during Rabi 2013-14 (October-February) was about 2053 thousand tonnes, which increased by 19.5 per cent compared with same time frame of last Rabi. Nitrogen offtake increased by 12.9 and phosphate offtake by 44.6 per cent respectively. In product terms urea offtake was about 2699 thousand tonnes which increased by 10.2 per cent, whereas DAP offtake was 996 thousand tonnes, showing an increase of 56.7 per cent over same time frame of previous Rabi 2012-13.

1.3 Fertilizer Production and Imported Supplies

Production of all fertilizer products during February 2014 was about 469 thousand tonnes. Out of this urea production was 362 thousand tonnes which is 77.1 per cent of total production. The other products were DAP 25 thousand tonnes, CAN 36 thousand tonnes, Nitrophos 32 thousand tonnes and SSP 8 thousand tonnes. About 7 thousand tonnes of different grades of NPKs have also been produced. Total imported supplies were 32.2 thousand tonnes including 19 thousand tonnes of urea and 12.7 thousand tonnes of DAP and 0.5 thousand tonnes of AS during February 2014.

2. PRICE TREND

Domestic: The price of urea (sona) during February 2014 decreased by 1.0 per cent over January 2014 while prices of CAN, DAP, NP and SOP increased by 0.9, 3.0, 1.8 and 2.5 per cent respectively.

International:- Fob bulk Yuzhny urea price was quoted at US \$ 338-372/t during February 2014. Fob bulk Middle East prices were reported at US \$ 345-360/t. DAP US Gulf prices were seen in the range of US \$ 440-495/t fob bulk. Ex-Karachi price of imported urea was in range of Rs. 2546 to 2865 per 50 kg bag while that of DAP ranged between Rs. 3171 to 4091 per 50 kg bag.

3. UREA AND DAP SUPPLY DEMAND SITUATION DURING FEBRUARY 2014

Urea: Total available urea during February 2014 was 768 thousand tonnes which included 387 thousand tonnes of opening inventory, 19 thousand tonnes of imported supplies and 362 thousand tonnes of domestic production. The urea offtake was 378 thousand tonnes leaving behind 387 thousand tonnes of urea as opening balance for next month.

DAP: Total available DAP was 163 thousand tonnes which included 125 thousand tonnes of opening inventory, 25 thousand tonnes of domestic production and 13 thousand tonnes of imported supplies. The offtake was 101 thousand tonnes leaving behind 62 thousand tonnes of closing inventory.

4. OUTLOOK FOR KHRIF 2014

Urea: Kharif 2014 is expected to begin with 374 thousand tonnes of opening inventory. Total available urea would be about 3014 thousand tonnes including 2640 thousand tonnes of domestic production based on the assumption that Ministry of Petroleum and Natural Resources will ensure the supply of natural gas to urea manufacturing plants to meet the production target for Kharif 2014. Estimated offtake would be around 3,000 thousand tones.

DAP: Total available DAP during Kharif 2014 would be about 431 thousand tonnes which will include 56 thousand tonnes of opening inventory and 375 thousand tonnes of domestic production. The estimated offtake would be 600 thousand tonnes. Thus there will be deficit of 169 thousand tonnes which will be covered through import of DAP by private sector.