

June 28, 2021

Monthly Fertiliser Offtake

May-2021: Urea and DAP offtakes clock in at 501kT(+109%y/y) and 173kT (+185%y/y) respectively

Urea sales for the month were up by 63%m/m(109%y/y) due to low base effect from previous month and anticipation of subsidy. DAP sales for the month were also up by a whopping 3.7xm/m(2.8y/y) owing to similar reasons. Overall for 5m'21, Urea sales are up by 46%y/y to arrive at 2207 kT. Similar to urea whereas DAP sales for 5m'21 were up by 26%y/y to reside at 533kT.

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Total Fertilizer Offtakes clock in at 818kT, up by 50%m/m (1.8x y/y).

As per the latest published data by National Fertiliser Development Centre (NFDC), total fertilizer offtake during the month clocked in at 818kT, up by 50%m/m (1.8x y/y).

Urea offtakes clock in at 505kT, up by 109%y/y

Urea offtake posted a growth of +109%y/y to clock in at 501k tons during May'21. The increase in monthly Urea offtake is largely attributable to i) low base effect from previous months sales of 307kT amid anticipation of increase in GST from 2% to 10% in Budget FY22, ii) improved farm economics post announcement of incentives to the agricultural sector in Budget FY22 and, iii) onset of Kharif season.

Cumulative Urea sales are up by 46%y/y to arrive at 2,207kT. Fatima Fertilizers posted the highest growth in Urea off takes, up by 86%m/m, 15x y/y (owing to low based effect as RLNG based plants were closed during same period last year), followed by Efert (+84%m/m, 95%y/y), FFBL(+56%m/m, 3x y/y) and FFC(+45%m/m,+62%y/y).

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DAP offtakes witness a surge, clocking in at 173kt (3.7xm/m, 2.8x y/y)

Similar to urea, DAP sales also posted phenomenal growth of 3.7xm/m(2.8y/y) to arrive at 173kT during the month of May'21. This is again attributable to a low base effect from the previous months sale of 46kT and improved farm economics. Cumulative DAP sales for 5m'21 were up by 26%y/y to reside at 533kT. On a sequential basis, the highest surge in offtakes was witnessed by EFERT (+9.6 x m/m, -74%y/y) followed by FFC (5x m/m, 5x y/y) and FFBL (3x m/m, 3.5 x y/y). Local DAP prices continue to hover around a high of PKR 5,400 amid ongoing international supply crunch and uptrend in prices of phosphoric acid which are currently at a record high of USD 998.

Outlook

On the pricing front we expect Urea and DAP prices to remain up beat. The gap between local and international Urea widens with local prices standing at a high of PKR 1,740 with a Global price instability for DAP paints an uncertain picture. DAP prices will likely continue the upward trajectory maintaining a highly favourable situation for FFBL as the sole DAP manufacturer in the country.

With the RLNG crisis in the country gaining traction, potential gas curtailment threat remains to the industry alongside annual turnaround of Efert which together is likely to lower Urea inventory levels. However, as the gap between local and international Urea prices widens, fertilizer manufacturers are to retain strong pricing power to pass the impact of rise in gas prices or other input costs.

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Exhibit: Monthly Fertiliser Offtake

May 2021

Urea--Company Wise

in Ktons	May-21	Apr-21	m/m	May-20	y/y	5M2021	5M2020	y/y
FFC	183	126	45%	113	62%	883.7	818	8%
EFERT	200	109	84%	103	95%	910.9	359	154%
FATIMA	47	26	86%	3	1394%	218.8	201	9%
FFBL	58	37	56%	19	203%	165.5	113	47%
Others	13	10	24%	2	661%	28.0	16	70%
Total	501.1	307.9	63%	239.6	109%	2,207	1,507	46%

DAP--Company Wise

in Ktons	May-21	Apr-21	m/m	May-20	y/y	5M2021	5M2020	y/y
FFC	30	6	398%	6	366%	64	31	110%
EFERT	27	3	867%	103	-74%	84	75	12%
FATIMA	0	0	-26%	3	-92%	6	50	-89%
FFBL	69	22	214%	19	258%	207	197	6%
Others	47	15	223%	2	2768%	172	70	144%
Total	173.2	45.7	279%	60.9	185%	532.9	422.1	26%

Source: IGI Research, NFDC

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Exhibit: Monthly Fertiliser Offtake and Production
May 2021
Offtake

in Ktons	May-21	Apr-21	m/m	May-20	y/y	5M2021	5M2020	y/y
Urea	501.1	307.9	63%	239.6	109%	2,206.8	1,506.7	46%
DAP	173.2	45.7	279%	60.9	185%	532.9	422.1	26%
CAN	80.1	70.1	14%	20.2	297%	396.7	224.9	76%
NP	38.5	97.4	-60%	31.1	24%	312.5	223.6	40%
NPK	3.7	2.3	61%	2.5	47%	40.0	29.2	37%
Total	796.6	523.4	52%	354.3	125%	3,488.9	2,406.5	45%

Source: IGI Research, NFDC

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Exhibit: Urea sales and historic average

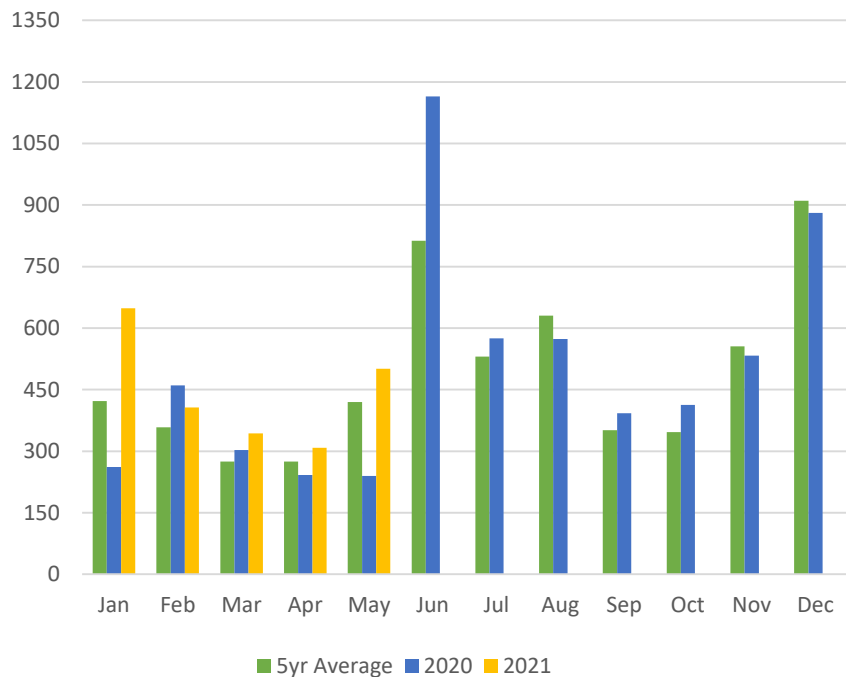
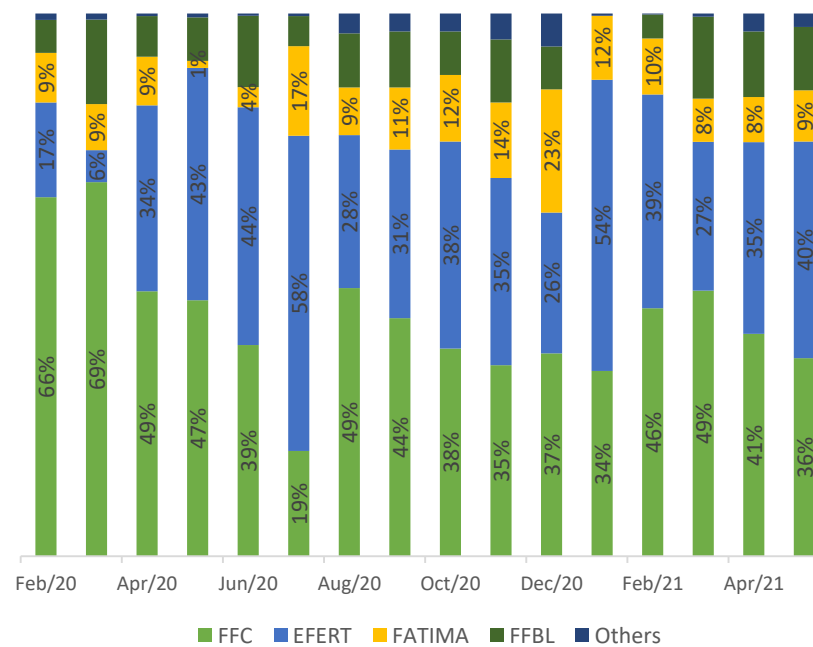


Exhibit: Urea market share company-wise



Source: IGI Research, NFDC

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Exhibit: Dap sales and historic average

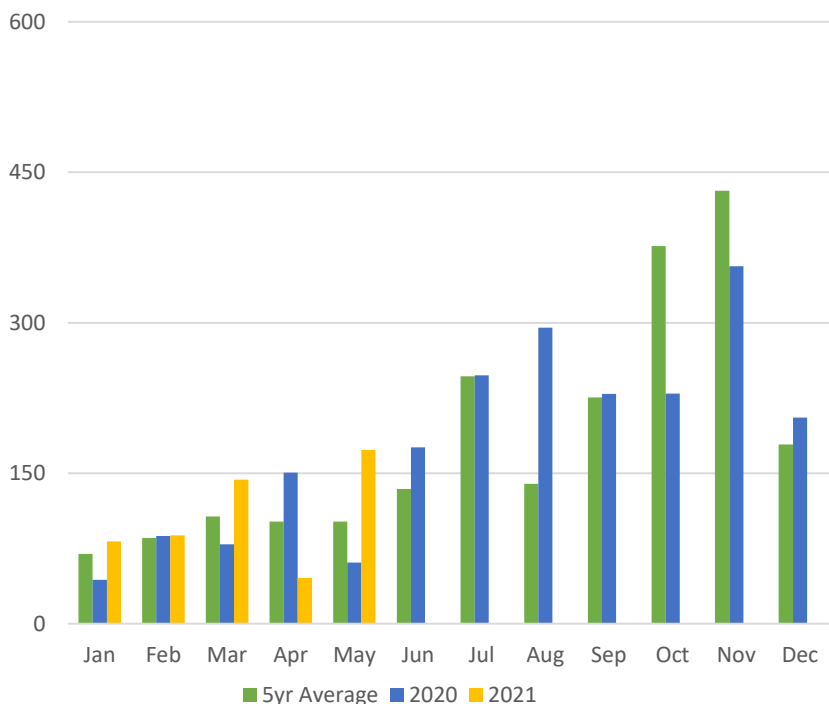
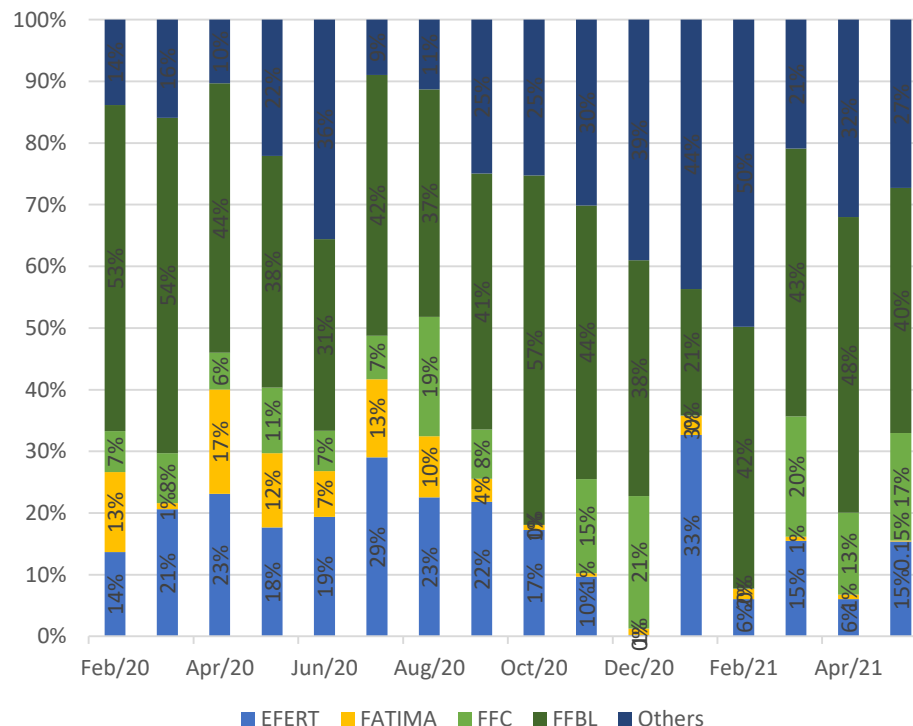


Exhibit: Dap market share company-wise



Source: IGI Research, NFDC

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