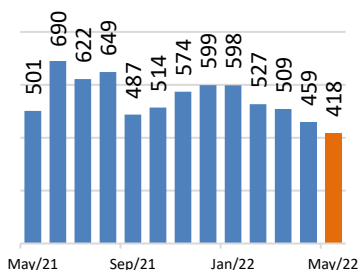
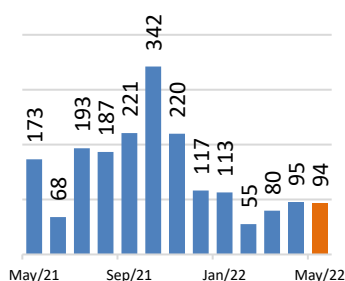


## Sector Update

Pakistan Monthly Urea Offtake



Pakistan Monthly DAP Offtake



### Fertiliser

## May-22: Urea and DAP Sales Falloff amid Decreased Demand

- As per the latest data published by National Fertiliser Development Centre (NFDC) for the month of May-22, industrial Urea and DAP sales are down by -17%y arriving at 417.5KT and -46%y arriving at 94.4KT respectively. Whereas, CAN sales are down by 36%y to 51.4KT.
- Company-wise for urea offtake, FATIMA and FFBL led the decline chart with sales down by -41.9%y and -34.8%y respectively, followed by EFERT that witnessed a decline of -24.4%y to 151KT, In addition, FFC also experienced a decline in offtake by -2.3%y to 178.8 KT.
- For DAP sales, FFC, FFBL and EFERT sales stood at 14KT, 54.9KT and 15.9KT, down by -53.7%y, -20.2%y and -40.4%y respectively compared to same period last year; however, FATIMA posted sales increase by 2.2xy to 0.6KT. Total industrial sales decreased by 46%y to 94.4KT.

### Urea sales decreased with Dap sales significantly

As per the latest data published by National Fertilizer Development Centre (NFDC) for the month of May-22, industrial Urea and DAP sales are down by 17%y arriving at 417.5KT and 46%y arriving at 94.4KT respectively. Moreover, CAN sales also posted a decline of 36%y to 51.4KT.

This brings 5m'22 total industry Urea sales to 2,510KT (up by 14%y), DAP sales to 437KT (down by 18%y) and CAN sales to 323KT (down by 18%y).

Exhibit: Monthly Fertiliser offtake						
k.tons	May-22	May-21	y/y	5m2022	5m2021	y/y
<b>Sales</b>						
Urea	417.5	501	-17%	2,510	2,209	14%
DAP	94.4	173	-46%	437	533	-18%
CAN	51.4	80	-36%	323	397	-18%
NP & NPK	73.6	42	75%	320	353	-9%
<b>Total</b>	<b>636.9</b>	<b>797</b>	<b>-20%</b>	<b>3,591</b>	<b>3,491</b>	<b>3%</b>

### Urea sales down by 17%y to 417.5KT

Urea offtake during May-22 dropped by 17%y to 417KT compared to 501KT during same period last year. Company-wise, FATIMA and FFBL led the decline chart with sales down by 41.9% and 34.8%y respectively. EFERT witnessed a decrease of 24.4%y to 151KT, while FFC experienced a decline in offtake by 2.3%y to 178.8KT In our view, the decrease in urea sales is mainly attributable to high base effect amidst full scale operations of LNG plants in the SPLY.

Total urea production during the month stood at 563KT along with opening inventory of 318KT. This takes monthly urea availability to 881KT and closing inventory to 466.5KT.

### Analyst

Abdullah Farhan  
Abdullah.Farhan@igi.com.pk  
Tel: +92 21 111 234 234 Ext: 912

Huzaifa Yaseen  
Huzaifa.Yaseen@igi.com.pk  
Tel: +92 21 111 234 234 Ext: 816

**DAP sales decreased by 46%y to 94.4KT**

Total industry DAP sales during May-22 decreased by 46%y to 94.4KT. FFC, FFBL and EFERT sales stood at 14KT, 54.9KT and 15.9KT, down by 53.7%, 20.2%y and 40.4%y respectively compared to same period last year. However, FATIMA sales increased by 2.2xy to 0.6KT. We attribute this decline in sales owing to higher prices leading to slump in demand. Overall industry production for DAP during the month stood at 79.0KT, while total availability during the month stood at 459.2KT, including imported and opening inventory. This brings DAP closing inventory at 369.8KT.

**Outlook**

Going forward, we expect DAP sales could come further under pressure due to higher commodity prices. International DAP prices (Middle East) have remained elevated during much of the FY22, amid a demand/supply mismatch averaging US\$ 830/ton. Reflecting the same domestic DAP prices have also shot up to PKR 10,548/ton from PKR 9,094/bag starting FY22. However, lately intl. DAP prices have started to show some respite, with the current price of DAP down to US\$ 781/ton from a high of 1,005 US\$/ton (1st-APR-2022 date). Hence we expect, domestic DAP prices are also expected to come down from the current; aside from USD/PKR exchange rate depreciation.

For urea, we expect prices to increase due the fiscal budget measures which will be passed on the end consumer.

## Important Disclaimer and Disclosures

**Research Analyst(s) Certification:** The Research Analyst(s) hereby certify that the views about the company/companies and the security/ securities discussed in this report accurately reflect his or her or their personal views and that he/she has not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report. The analyst(s) is principally responsible for the preparation of this research report and that he/she or his/her close family/relative does not own 1% or more of a class of common equity securities of the following company/companies covered in this report.

**Disclaimer:** The information and opinions contained herein are prepared by IGI Finex Securities Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Finex Securities Limited makes no representation as to the accuracy or completeness of the information. Neither, IGI Finex Securities Limited nor any director, officer or employee of IGI Finex Securities Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. The subject Company (ies) is a client of the IGI Finex Securities Limited and IGI Finex Securities offers brokerage services to Subject Company (ies) on a regular basis, in line with industry practice. This document and the information may not be reproduced, distributed or published by any recipient for any purpose. This report is not directed or intended for distribution to, or use by any person or entity not a client of IGI Finex Securities Limited, else directed for distribution.

**Rating system:** IGI Finex Securities employs three tier ratings system, depending upon expected total return (return is defined as capital gain exclusive of tax) of the security in stated time period, as follows:

### Recommendation Rating System

Buy if target price on aforementioned security (ies) is more than 10%, from its last closing price(s)

Hold if target price on aforementioned security (ies) is in between -10% and 10%, from its last closing price(s)

Sell if target price on aforementioned security (ies) is less than -10%, from its last closing price(s)

**Risk:** Investment in securities are subject to economic risk, market risk, interest rate risks, currency risks, and credit risks, political and geopolitical risks. The performance of company (ies) covered herein might unfavorably be affected by multiple factors including, business, economic, and political conditions. Hence, there is no assurance or guarantee that estimates, recommendation, opinion, etc. given about the security (ies)/company (ies) in the report will be achieved.

**Basic Definitions and Terminologies used:** **Target Price:** A price target is the projected price level of a financial security stated by an investment analyst or advisor. It represents a security's price that, if achieved, results in a trader recognizing the best possible outcome for his investment, **Last Closing:** Latest closing price, **Market Cap.:** Market capitalization is calculated by multiplying a company's shares outstanding by current trading price. **EPS:** Earnings per Share. **DPS:** Dividend per Share. **ROE:** Return on equity is the amount of net income returned as a percentage of shareholders' equity. **P/E:** Price to Earnings ratio of a company's share price to its per-share earnings. **P/B:** Price to Book ratio used to compare a stock's market value to its book value. **DY:** The dividend yield is dividend per share, divided by the price per share.

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2022 IGI Finex Securities Limited

## Contact Details

### Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrukh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrukh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Zaid Farook	Branch Manager (Stock Exchange) Karachi	Tel: (+92-21) 32462651-52	zaid.farook@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

### Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Aariz Raza	Analyst	Tel: (+92-21) 111-234-234 Ext: 810	Aariz.raza@igi.com.pk
Ajay Kumar	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	ajay.kumar@igi.com.pk
Huzaifa Yaseen	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	huzaifa.yaseen@igi.com.pk

### IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: [www.igisecurities.com.pk](http://www.igisecurities.com.pk)

#### Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,  
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600  
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234  
 Fax: (+92-21) 35309169, 35301780

#### Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,  
 Stock Exchange Road, Karachi.  
 Tel: (+92-21) 32429613-4, 32462651-2  
 Fax: (+92-21) 32429607

<b>Lahore Office</b> Shop # G-009, Ground Floor, Packages Mall Tel: (+92-42) 38303560-69 Fax: (+92-42) 38303559	<b>Islamabad Office</b> Mezzanine Floor, Office 5, 6 & 7, Kashmir Plaza, Block- B, Jinnah Avenue, Blue Area Tel: (+92-51) 2604861-2, 2604864, 2273439 Fax: (+92-51) 2273861
<b>Faisalabad Office</b> Office No. 2, 5 & 8, Ground Floor, The Regency International 949, The Mall Faisalabad Tel: (+92-41) 2540843-45	<b>Rahim Yar Khan Office</b> Plot # 12, Basement of Khalid Market, Model Town, Town Hall Road Tel: (+92-68) 5871652-3 Fax: (+92-68) 5871651
<b>Multan Office</b> Mezzanine Floor, Abdali Tower, Abdali Road Tel: (92-61) 4512003, 4571183	

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

© Copyright 2022 IGI Finex Securities Limited