

Fundamentals of Growth

Nitrogen Outlook

TFI/FIRT Fertilizer Outlook and Technology Conference

Jason Newton, Market Analyst
Agrium

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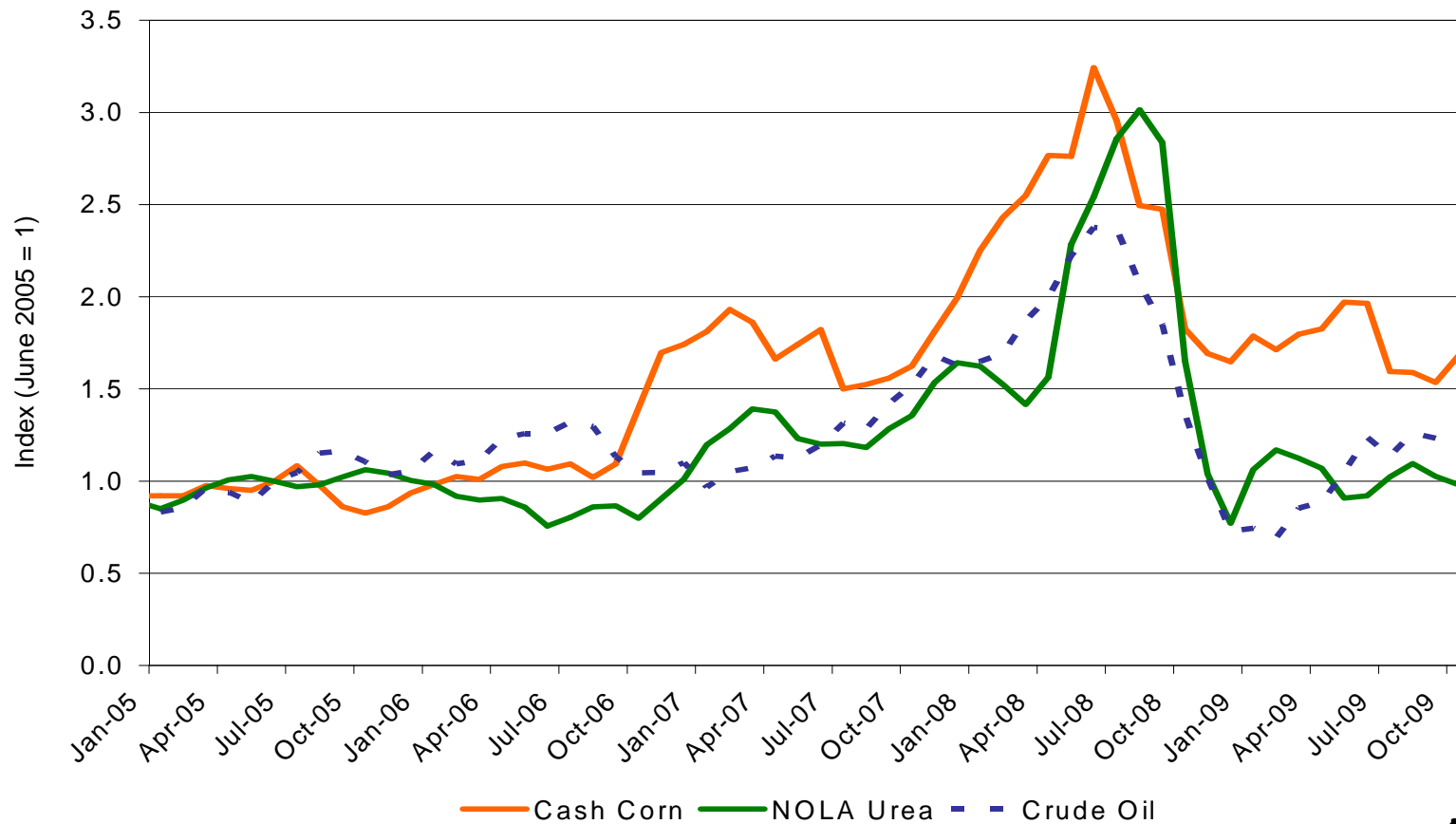
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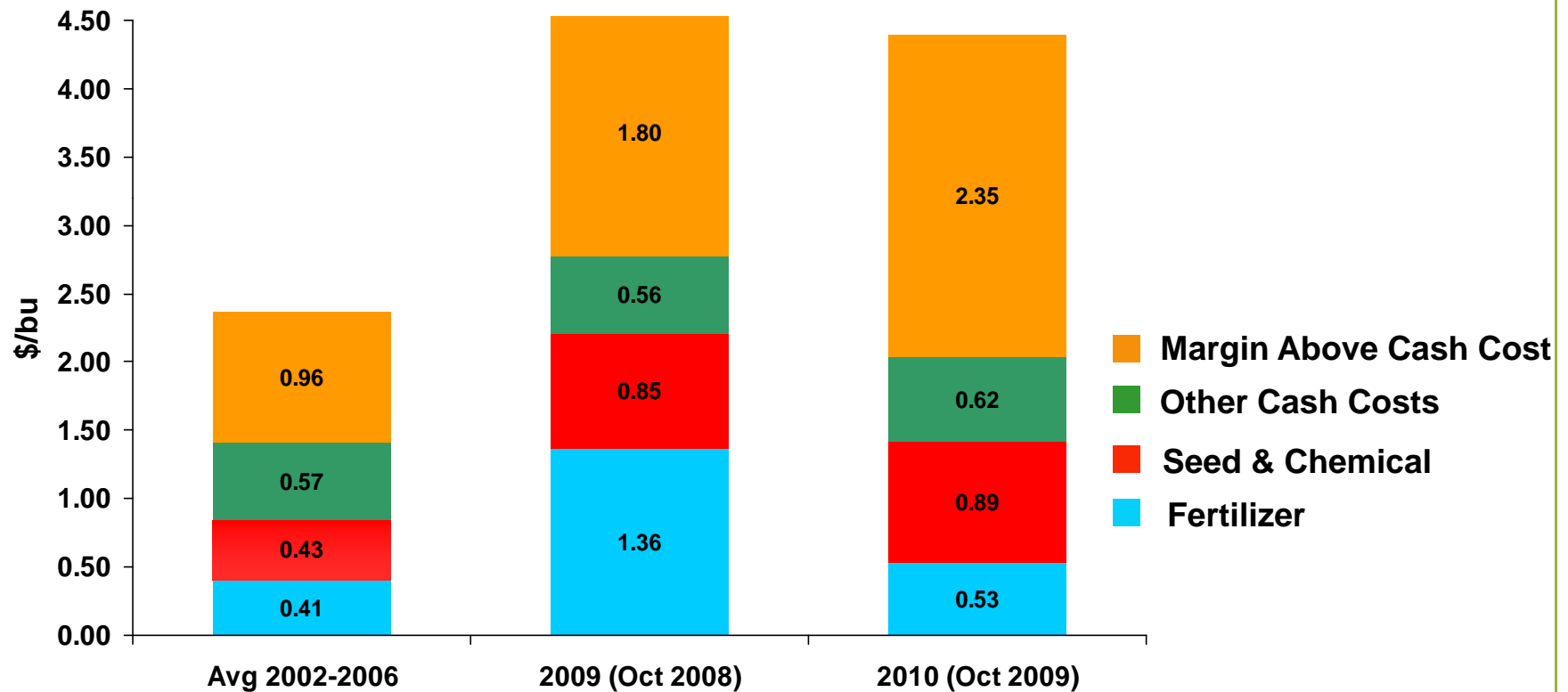


Commodity prices volatile

- Urea prices back at 2005 levels
- Corn prices remain about 1.5 times greater than 2005



2010 Crop Margins Significantly Higher than a Year Ago



4 Source: USDA, Doane Advisory Services, Agrium



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U.S. Acreage

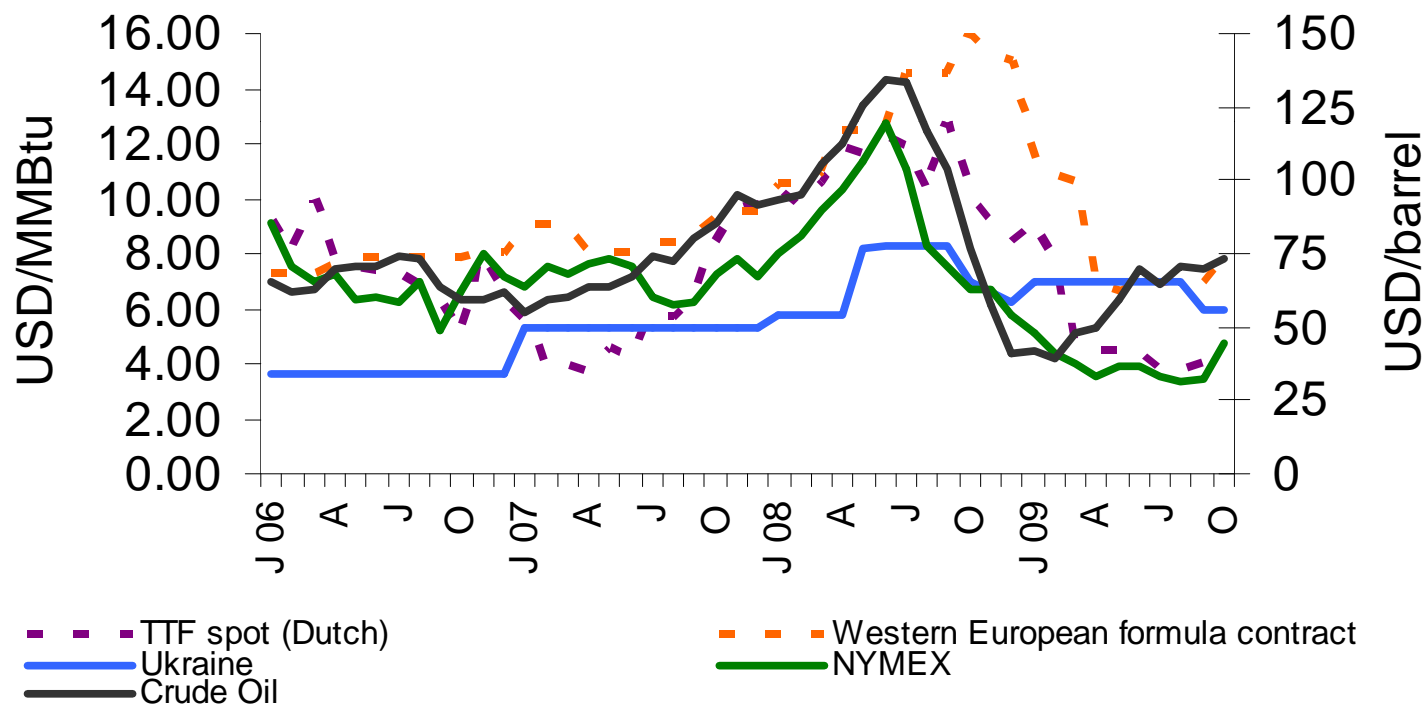
US Seeded Acreage (million acres)

	2005	2006	2007	2008	2009	2010f*
Corn	81.8	78.6	93.6	85.9	87.0	88.0
Soybeans	72.0	75.6	63.6	75.9	77.7	78.3
Wheat	57.2	57.3	60.4	63.1	59.8	57.5
Cotton	14.2	15.3	10.8	9.5	9.1	8.9
Rice	3.4	2.8	2.8	3.0	3.0	3.0

Source: USDA, Doane Advisory Services

Natural Gas Prices

- North American natural gas prices have increased in the past month
- Formula-based natural gas prices will likely increase going forward if crude oil prices remain at current levels



6 Source: Fertecon, EIA

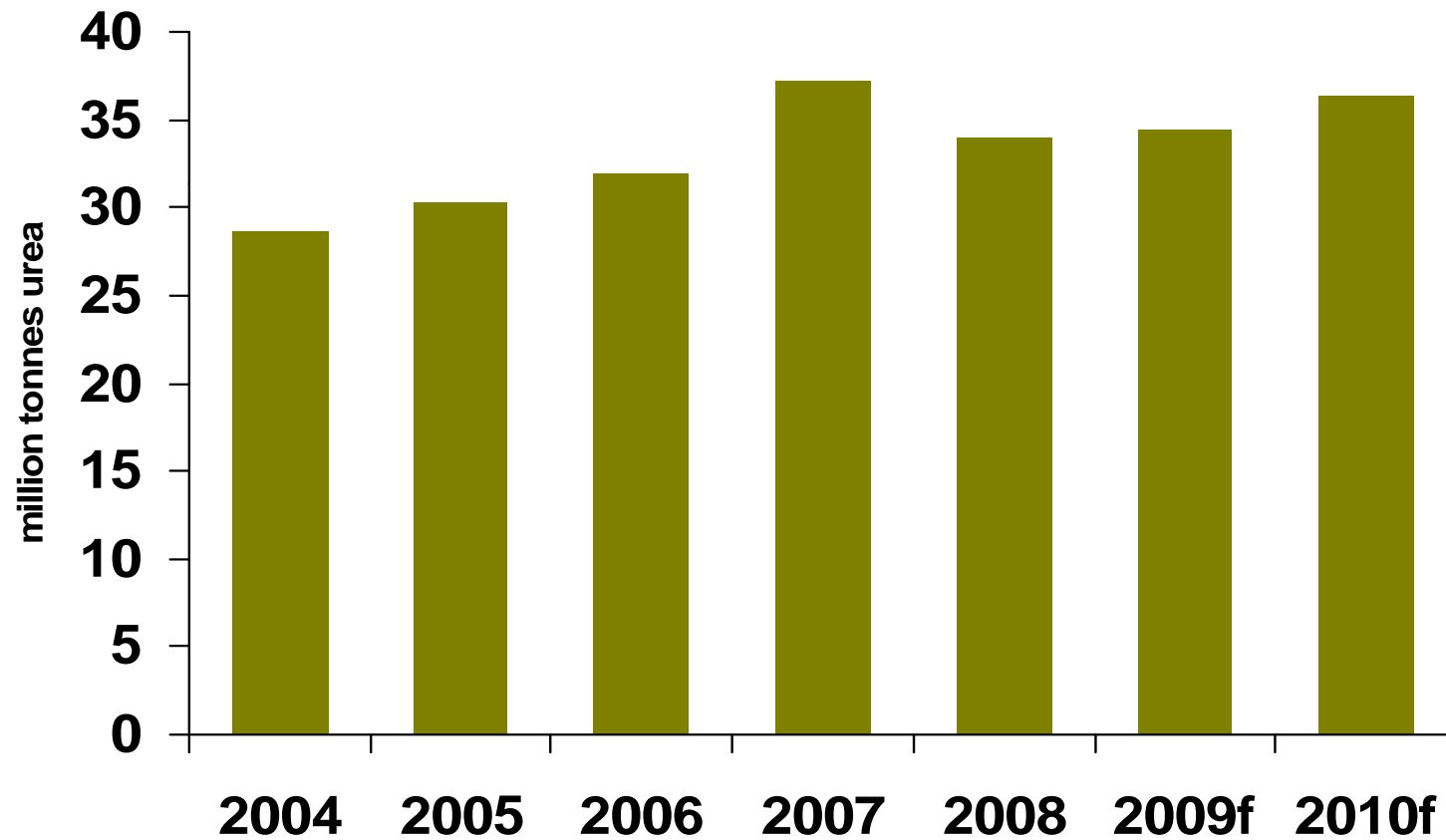


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Global Urea Trade

- Global urea trade forecasted to increase by 5% in 2010



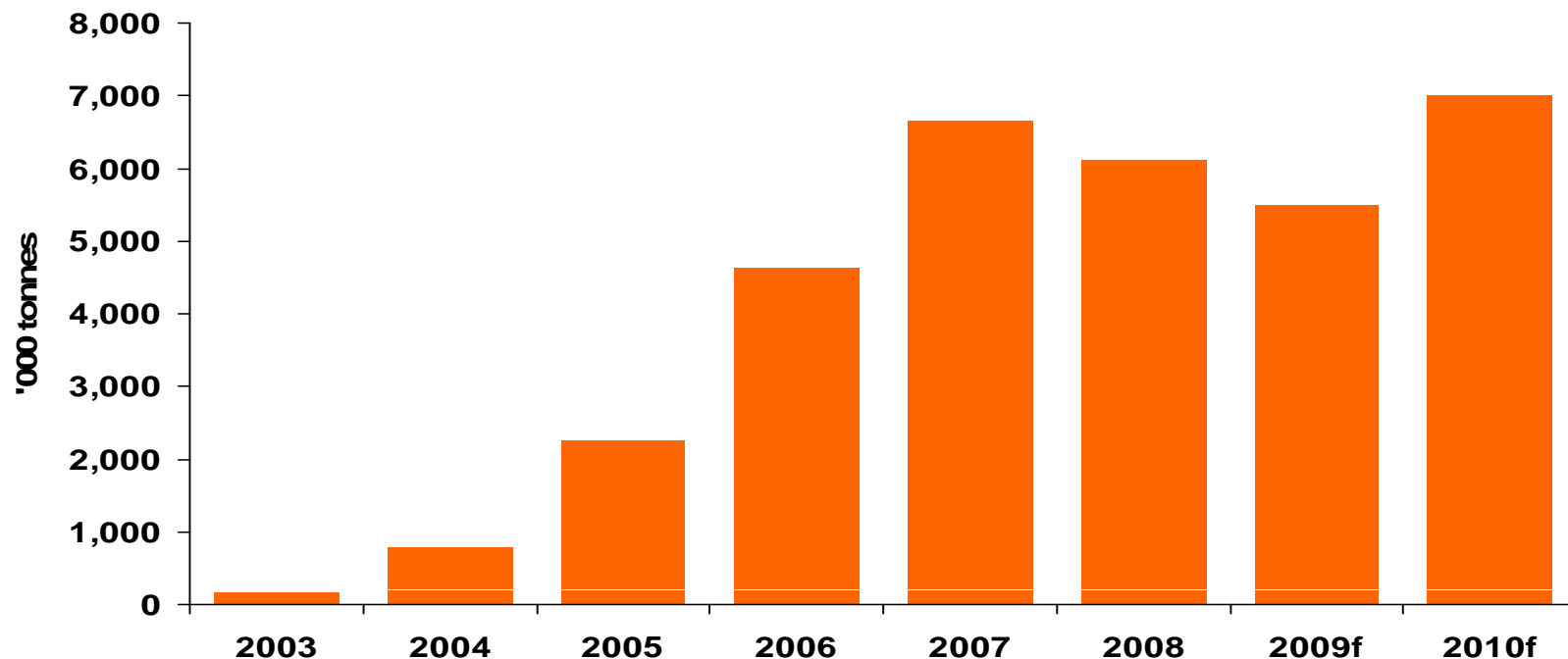
Chinese Urea Exports

- 2009 exports likely to be around 2.5 million tonnes. Year-to-date exports down 70% from 2008



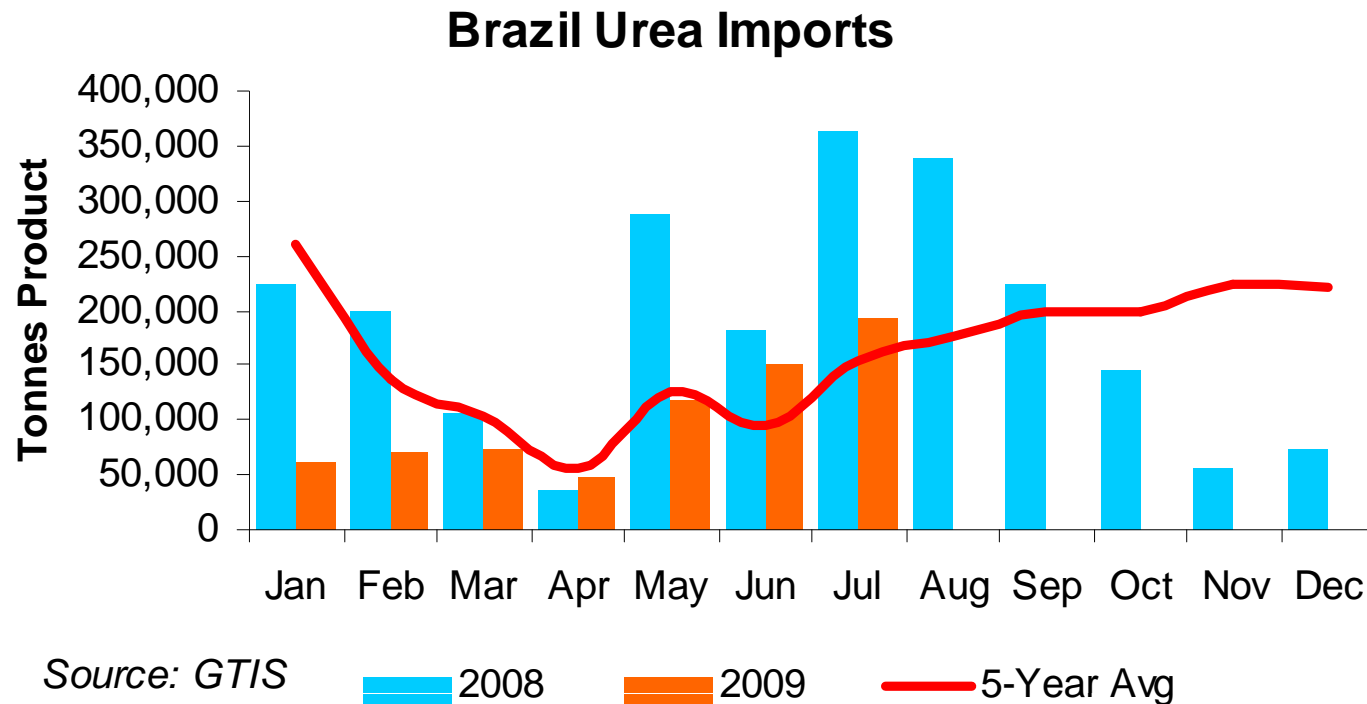
India Urea Imports

- India's fertilizer prices are heavily subsidized and not impacted by global market volatility
- The Jul-Sep monsoon season was lower than normal, but finished strong, which could support winter season (Rabi) demand.
- Future factors to watch:
 - Changes to the subsidy regime
 - Increased domestic gas availability and impact on urea production



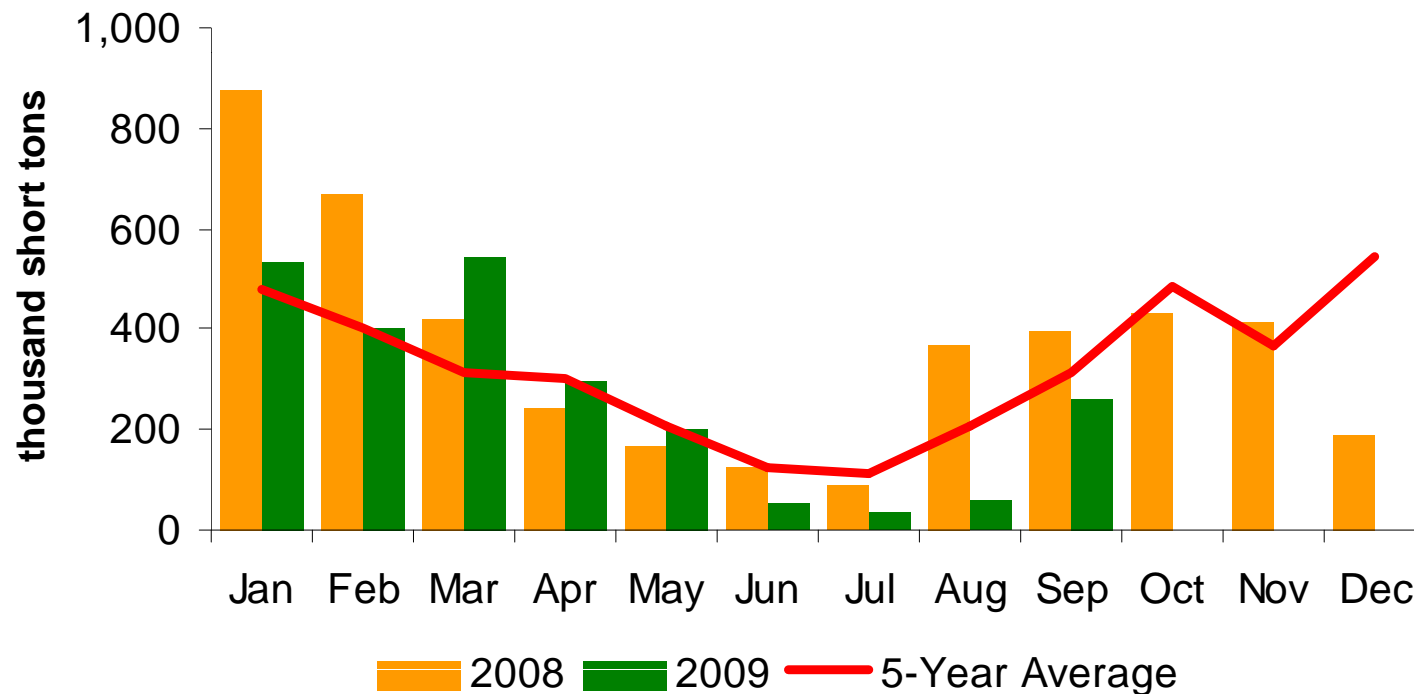
Brazil Urea Imports

- Brazil's urea imports were above-trend levels in June and July
- Brazil imported and built inventories at peak of the market in 2008



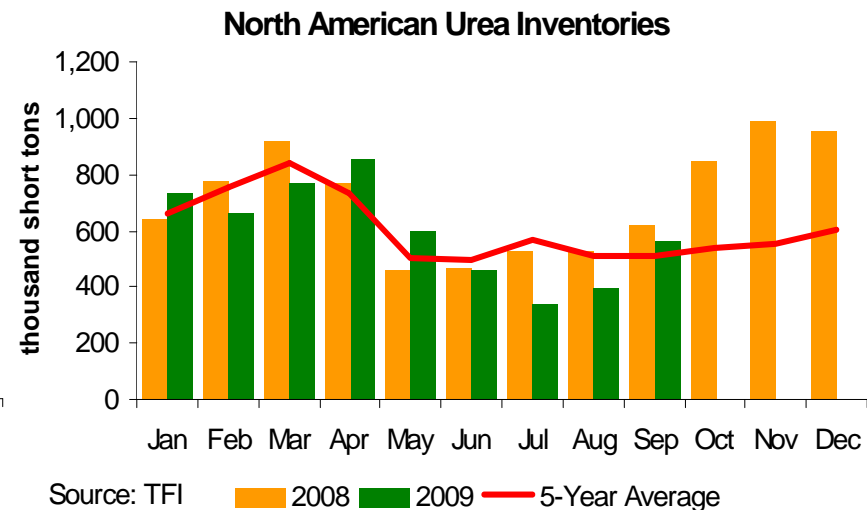
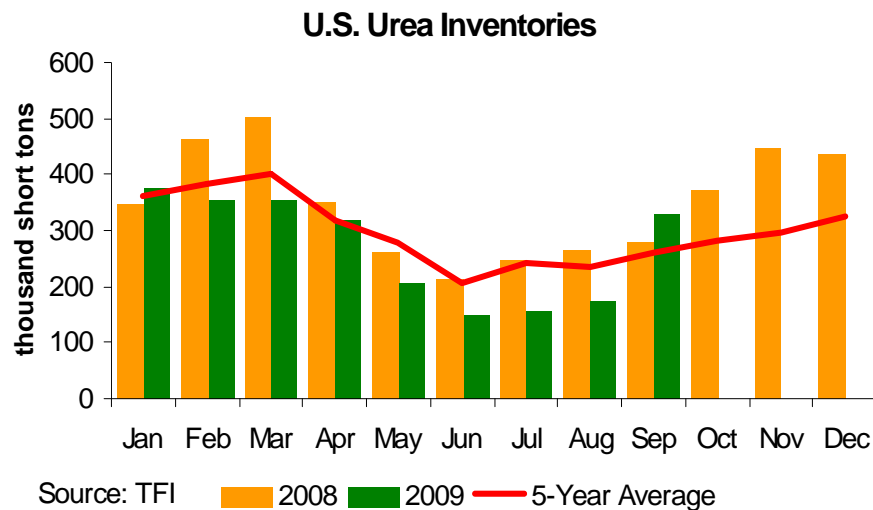
U.S. Offshore Urea Imports

- Offshore urea imports down 25% in 2009 to date
- Offshore urea imports accounted for about 40% of disappearance in past two years, but about 30% in 2009.



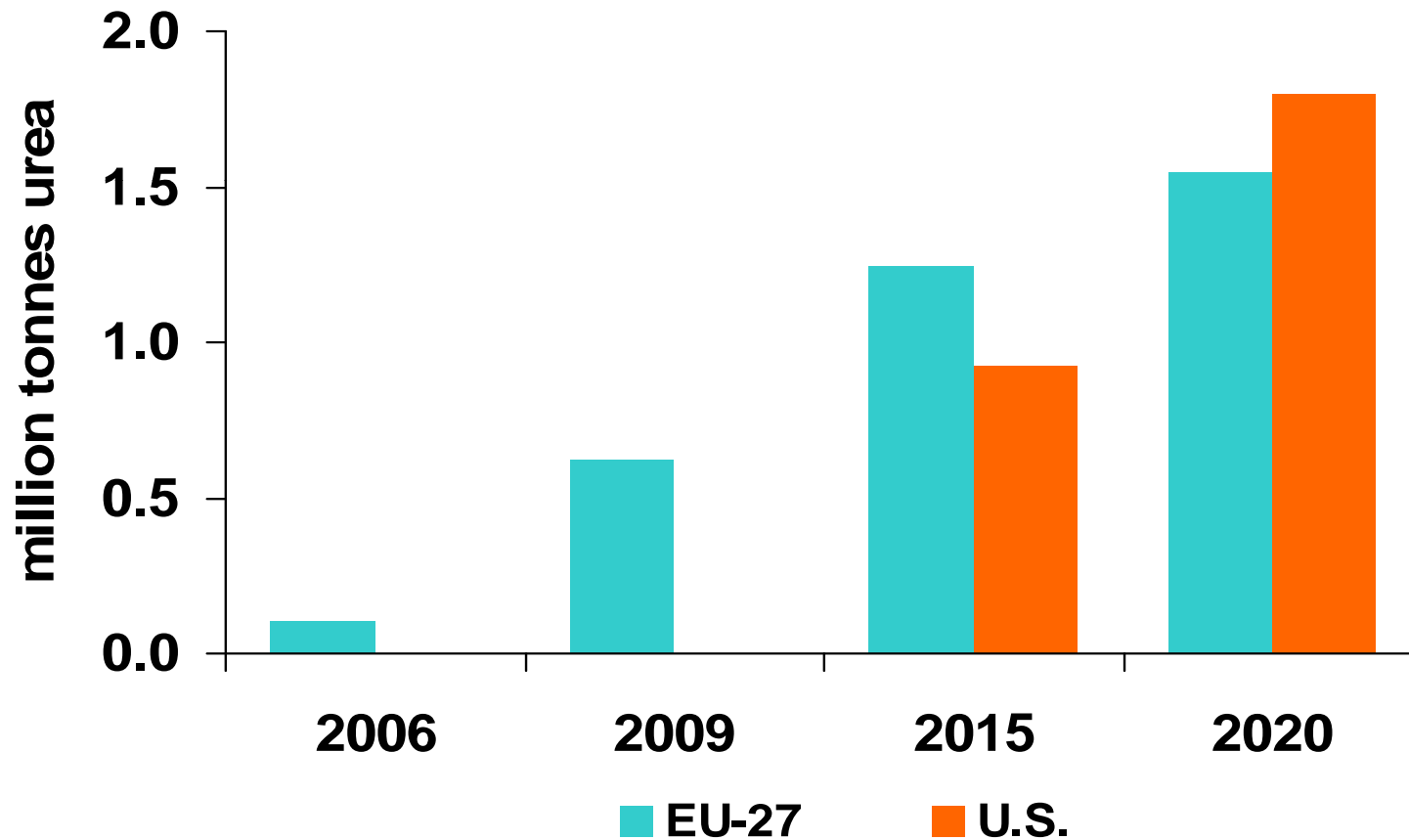
U.S. and North American Urea Inventories

- Inventories close to average levels
- Demand is hand-to-mouth and distribution pipeline not filled

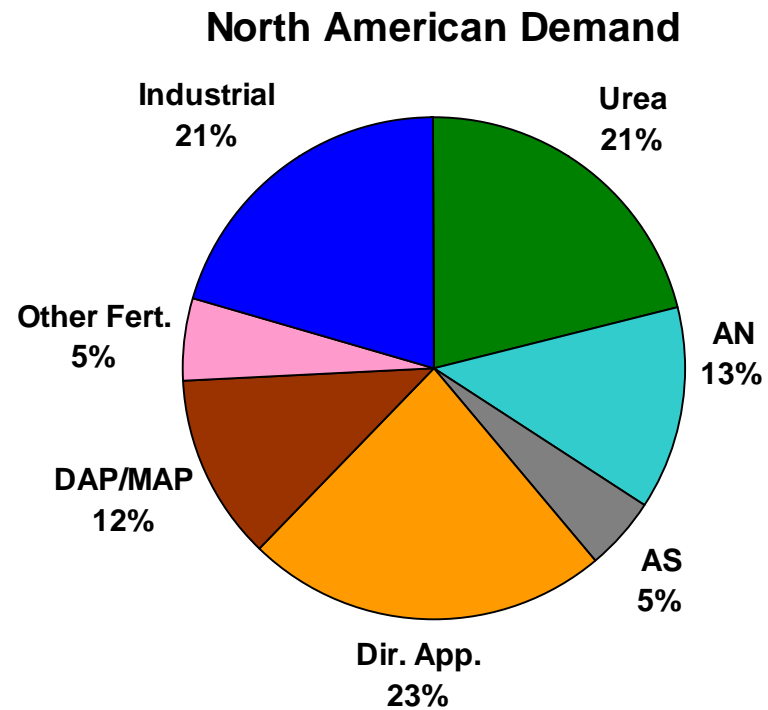
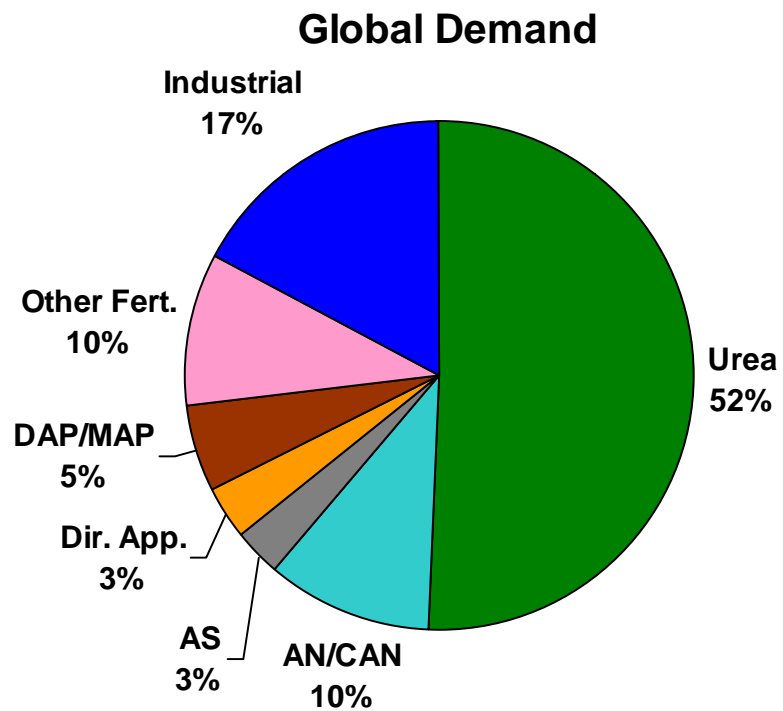


Urea demand for NOx emission reduction

- **Fast-growing segment of incremental demand**
 - Forecasted growth rate of over 20% annually for U.S. and Europe between 2009 and 2015

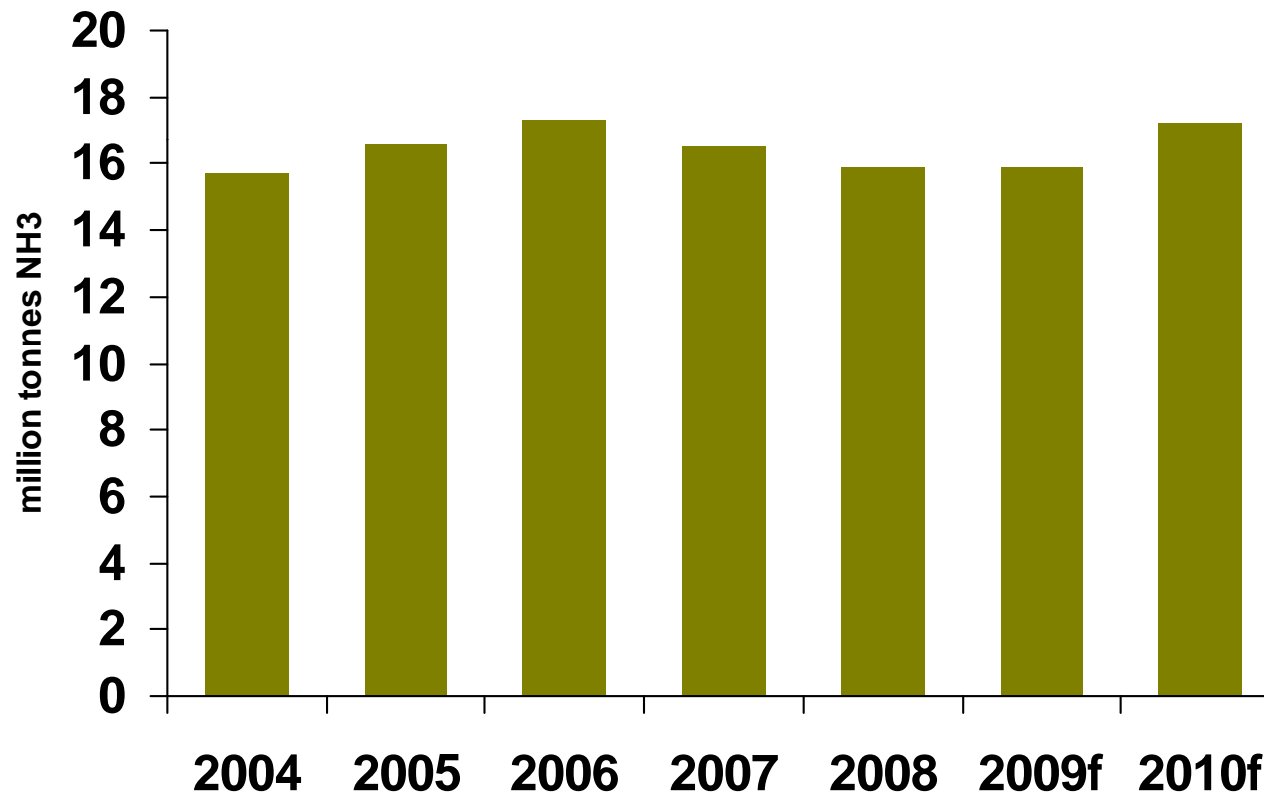


Ammonia Use Breakdown

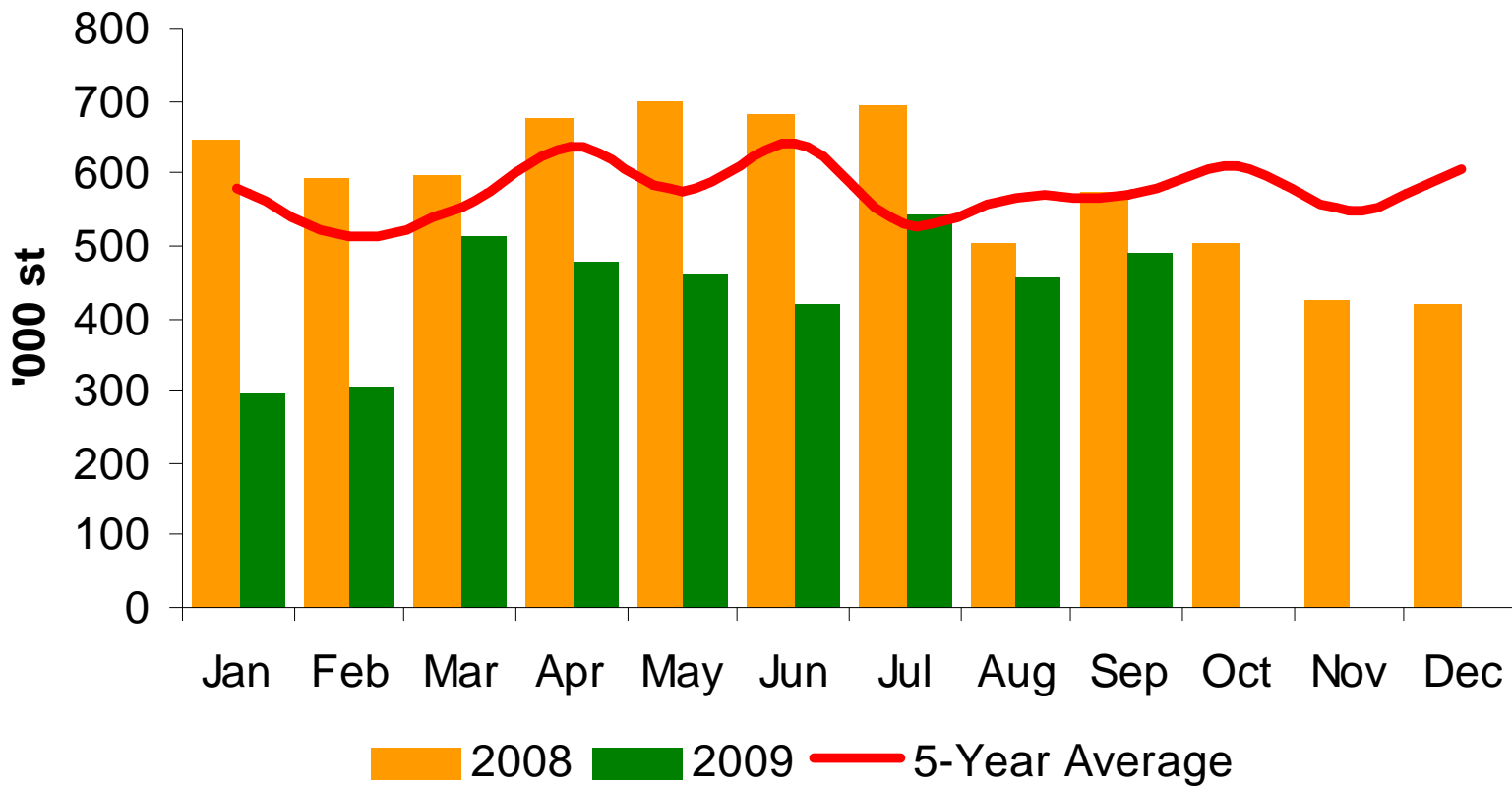


Global Overseas Ammonia Trade

- Global recession has led to decreased industrial utilization
- Reduced phosphate utilization has reduced demand

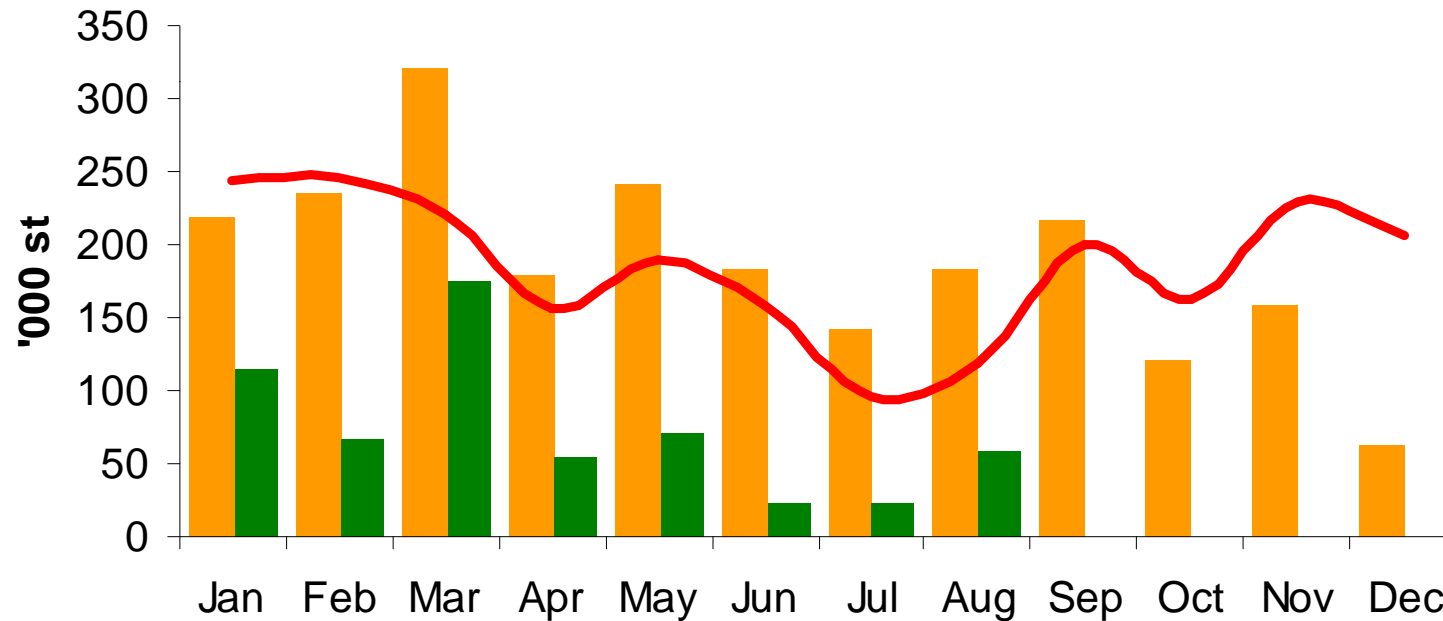


U.S. Offshore Ammonia Imports



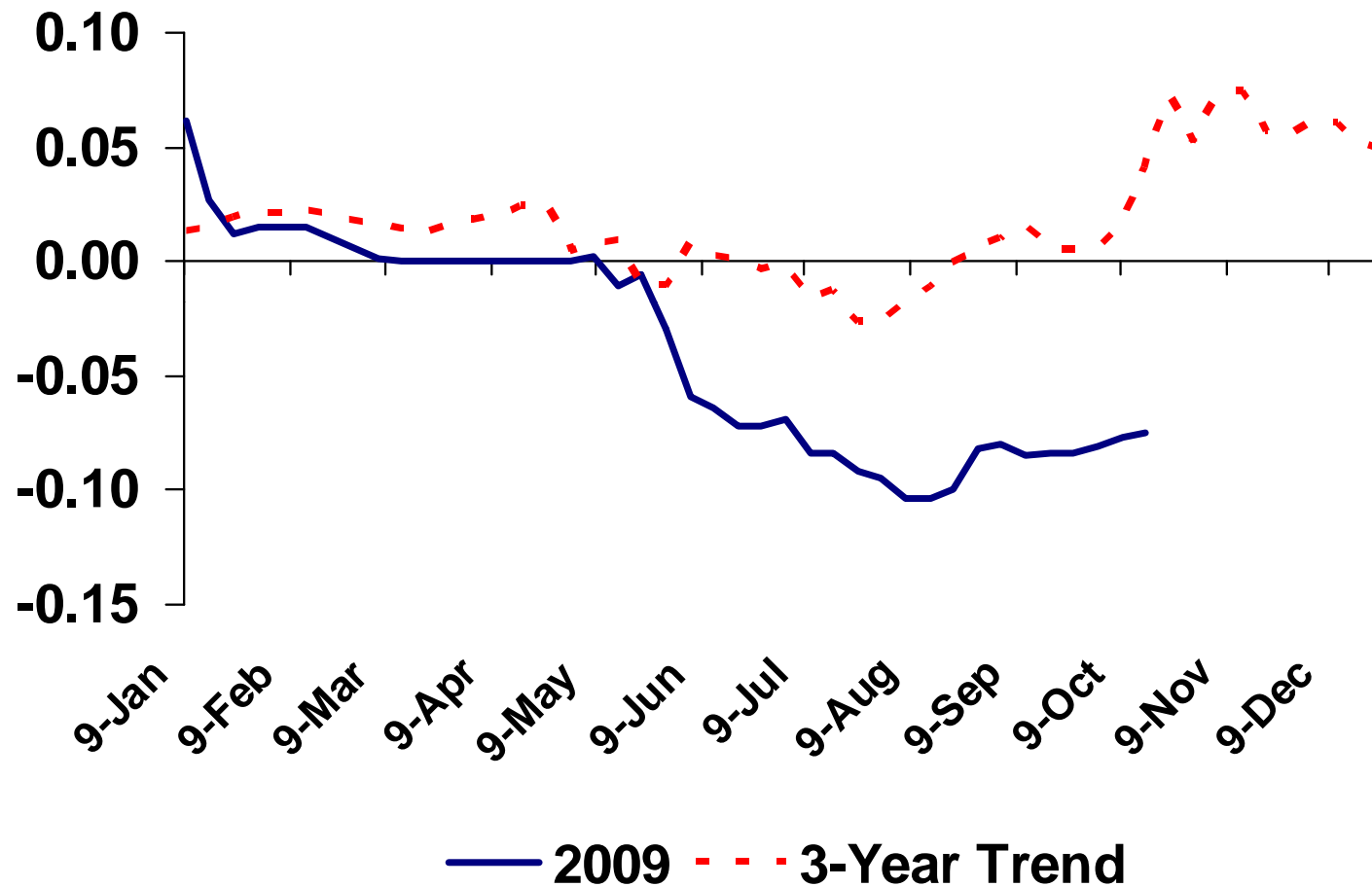
U.S. Offshore UAN Imports

- Offshore imports down 65% in 2009 to date



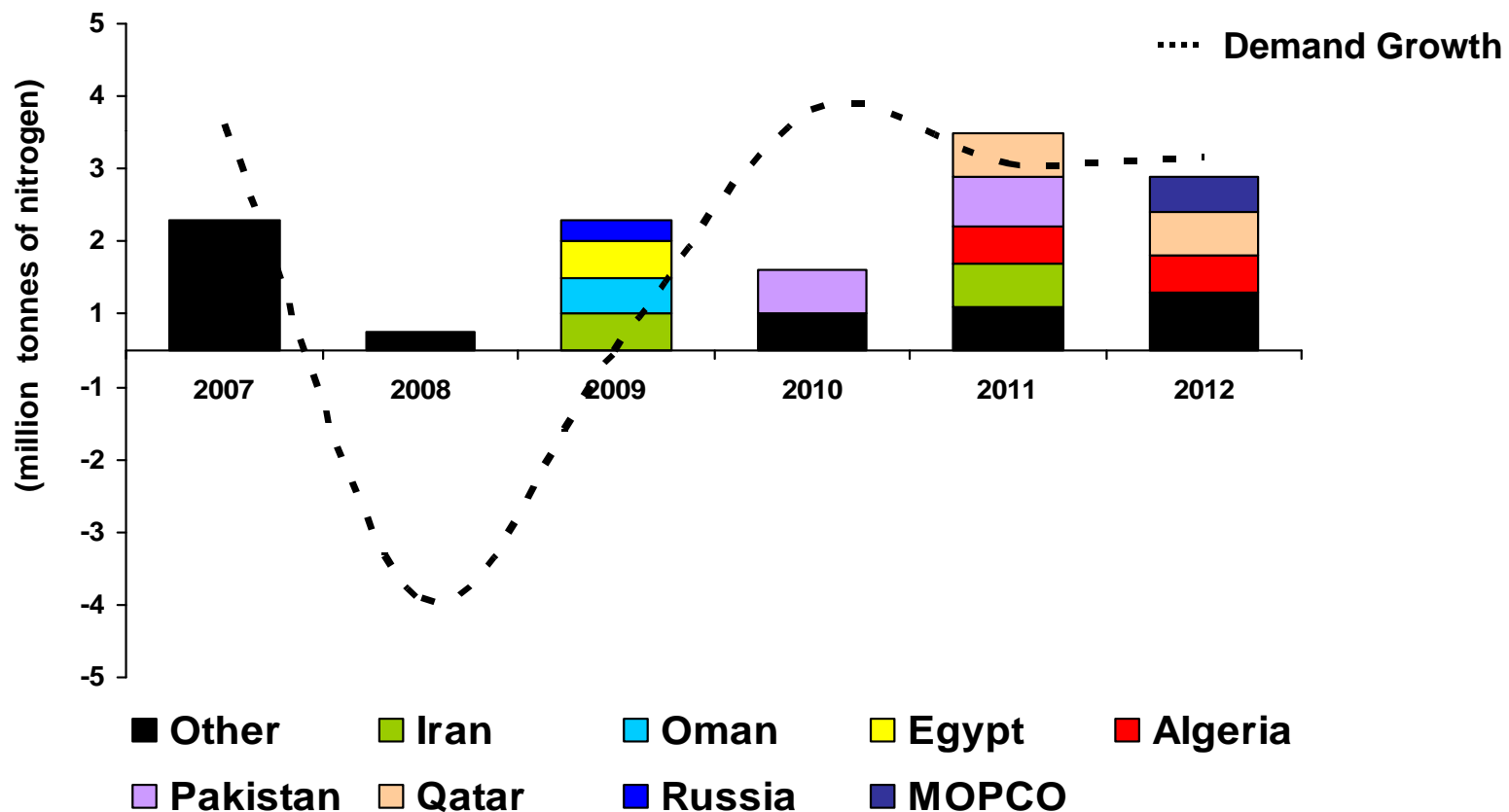
Source: TFI 2008 2009 5-Year Average

UAN Discounted Relative to Urea



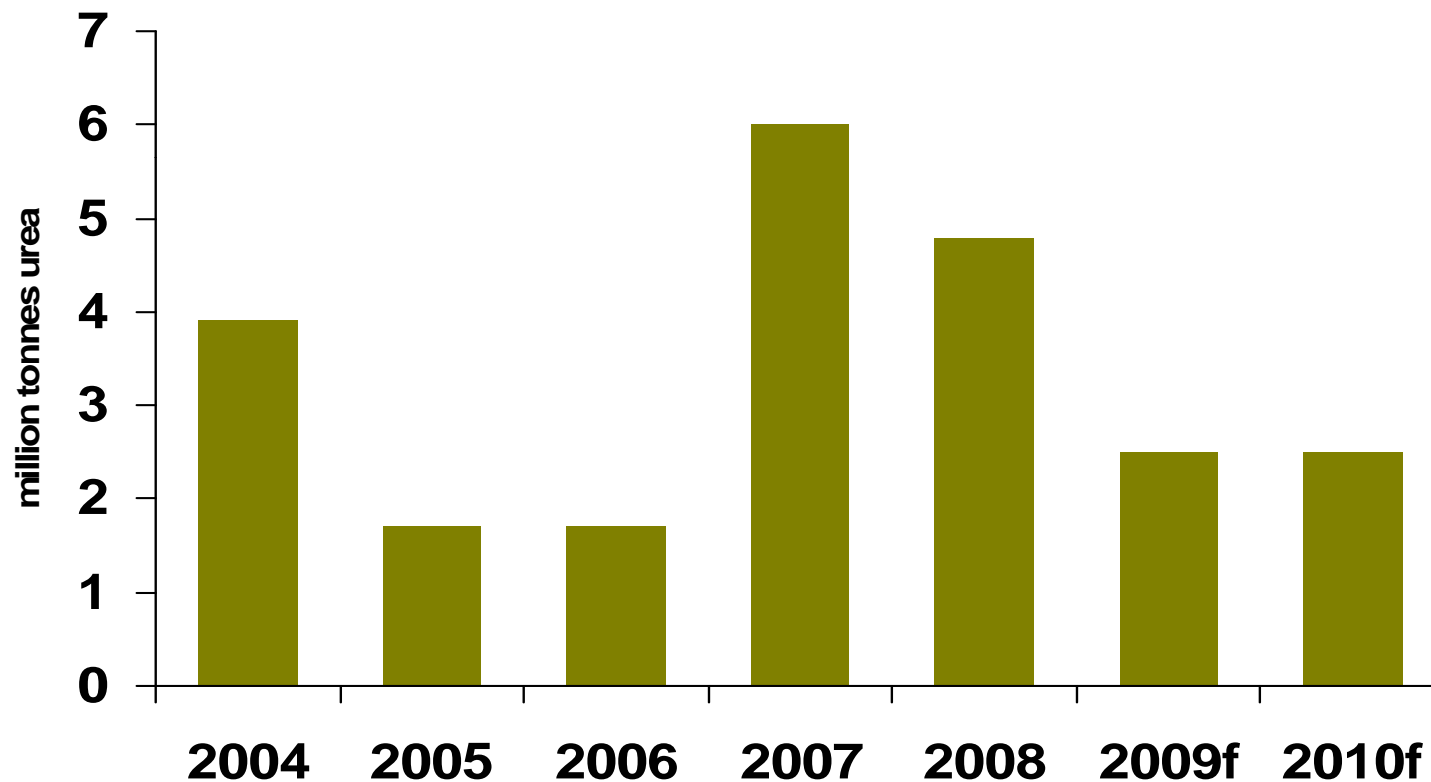
Nitrogen Balance Tight through 2011

- Average annual demand growth from 2002-07 was 2.9%
- Timing of projects after 2012 is uncertain



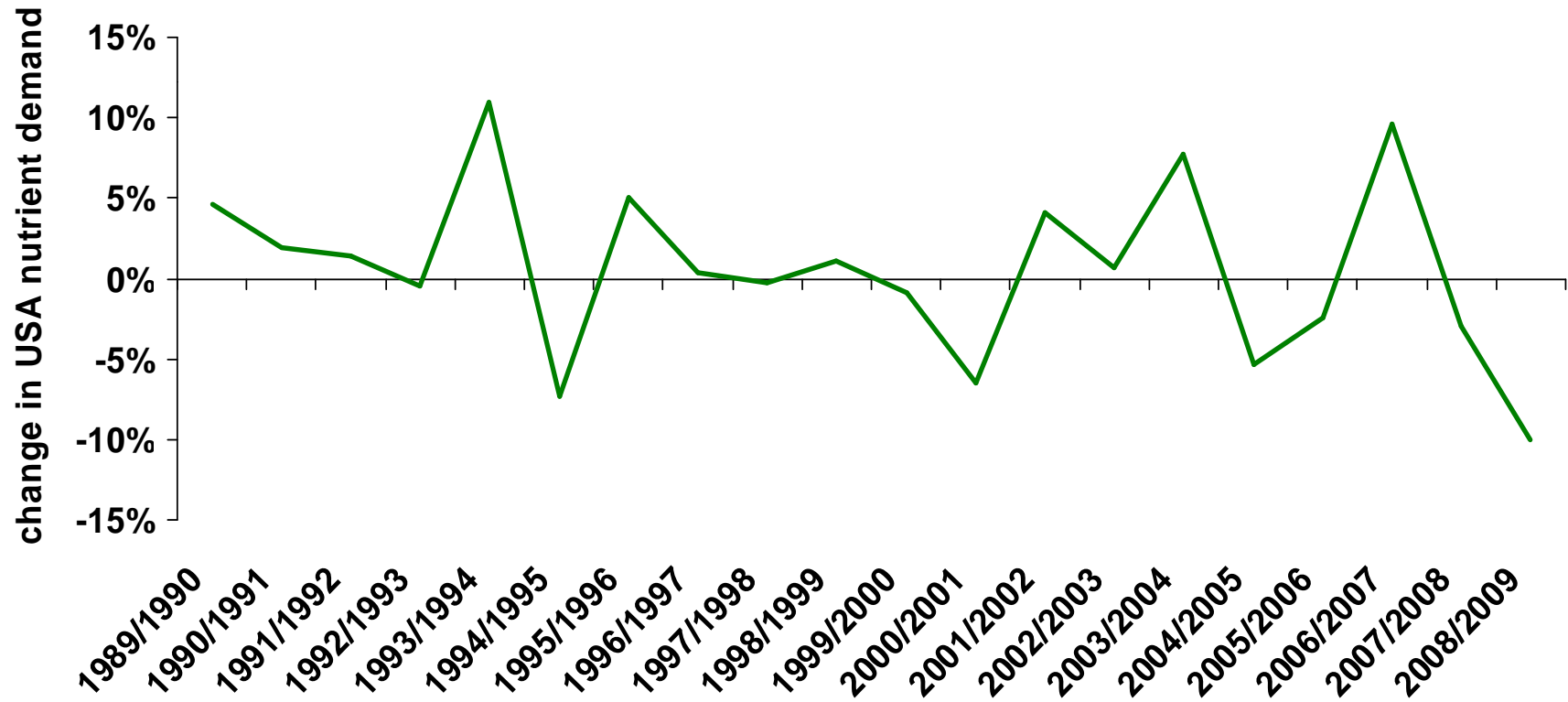
Chinese Urea Exports

- Chinese exports will continue in low-tariff periods
- Expect government to maintain some control over exports



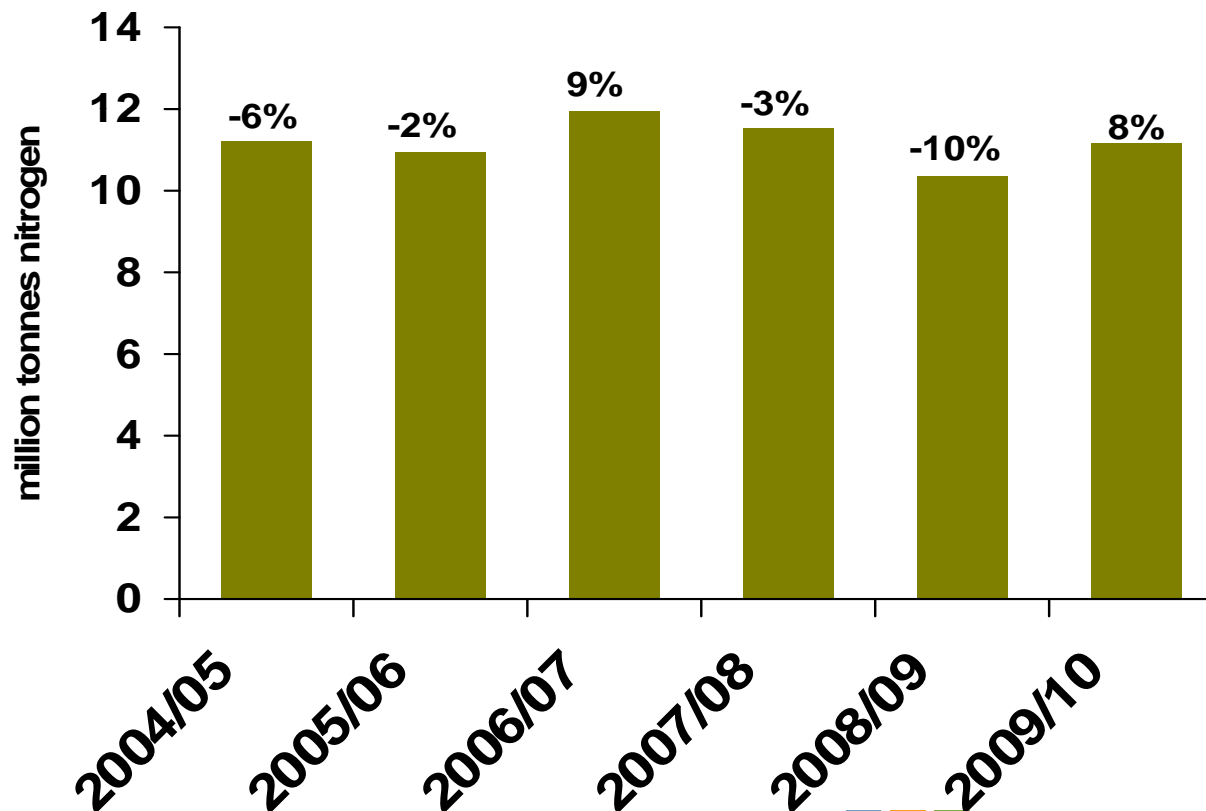
Typically a large decline in demand is followed by at least an equally large increase

- Over past 20 years, has never been 3 consecutive declines in N demand
- Given 10% decline in 2008/09, crop-based model projects 8% increase in demand in 2009/10



U.S. Nitrogen Fertilizer Demand

- U.S. nitrogen fertilizer demand declined approximately 10% in 2008/09 from 2007/08 and the 5-year average
- Under current cropping expectations, we expect demand to grow by 8% in 2009/10



Outlook

Supply:

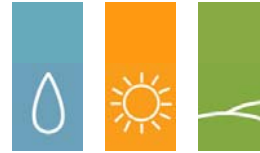
- **Relatively small volume of additional N capacity added in 2010 outside of China**
- **Chinese export policies continue to be a wildcard**
- **Additional UAN supplies available in the next 2-3 years**

Outlook

Demand:

- **Fall 2009 season may be significantly delayed due to slow harvest**
- **Current U.S. cash corn and soybean prices provide relatively favorable margins**
- **Industrial utilization is expected to increase with global economic growth**
- **Oil-based natural gas contract prices will likely increase in 2010**





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Questions
