

# OUTLOOK FOR PHOSPHATES

Michael Mew

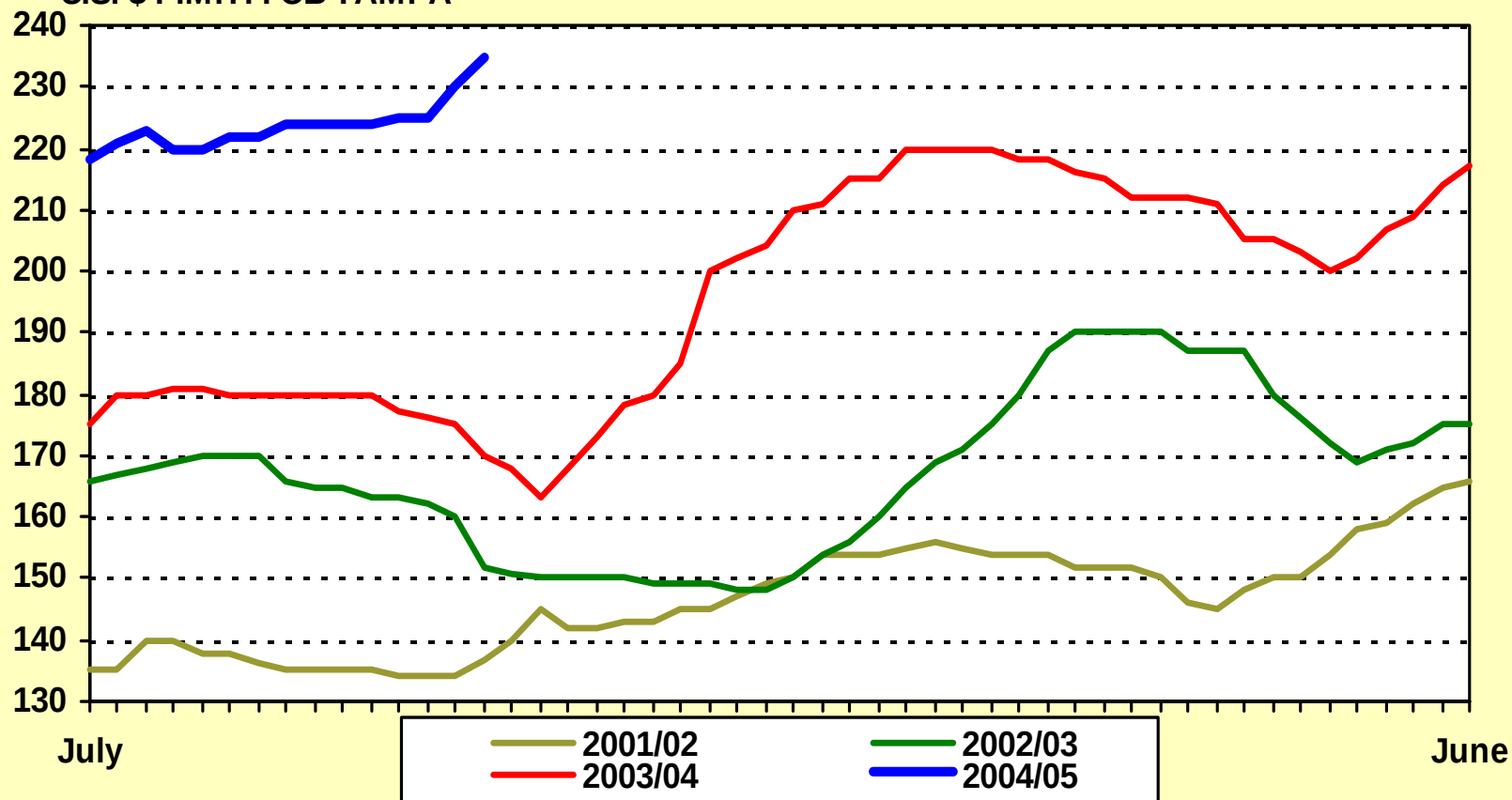
October 2004

# 2003/04 Major Factors

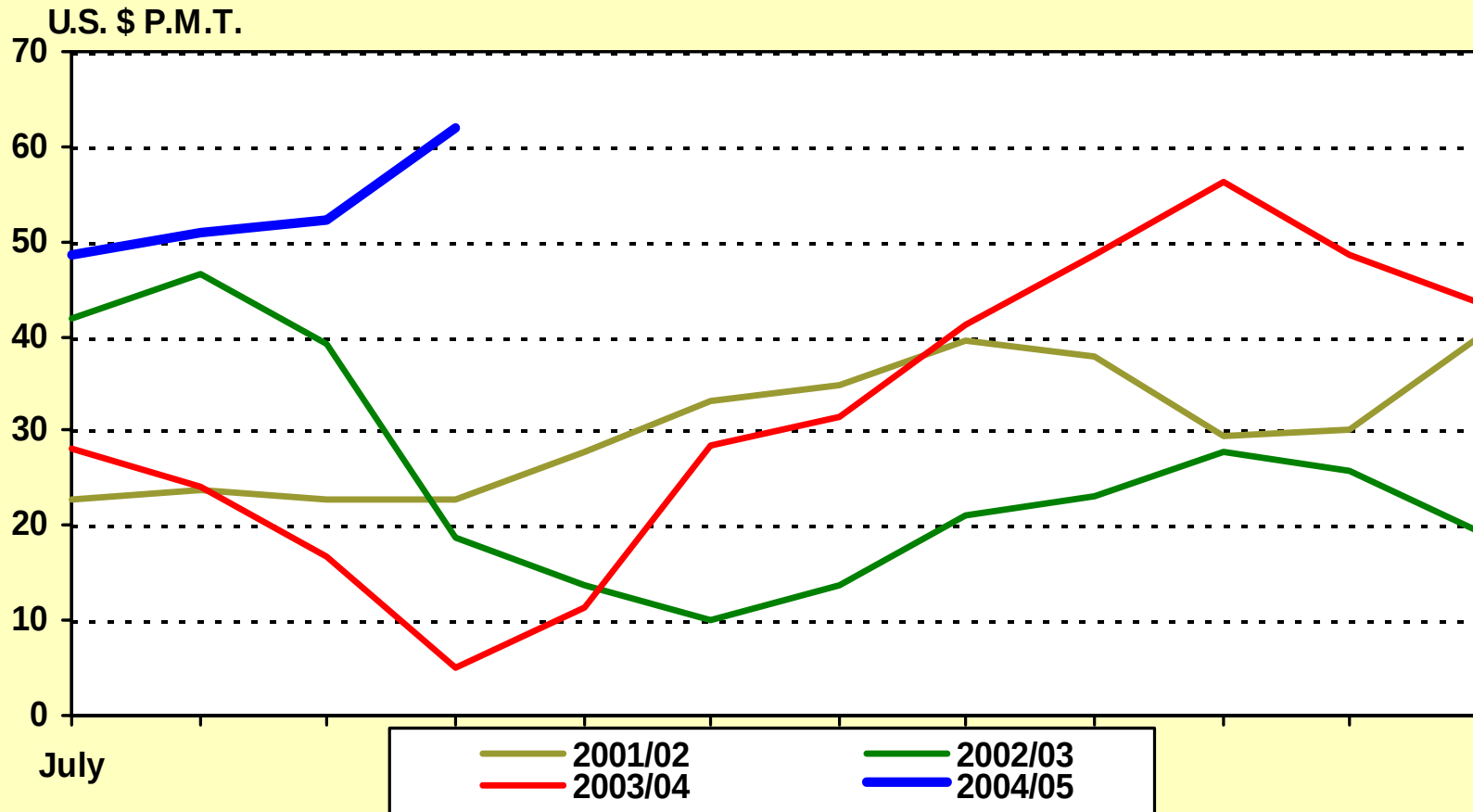
- Rising phosphate fertilizer demand in several key overseas markets
- Supply constrained by capacity limitations overseas and by recent hurricane activity in the U.S.
- Higher selling prices for phosphate products
- High freight costs
- Rising oil prices
- Higher U.S. gas prices supporting high international ammonia prices
- Rising Sulphur prices followed by a recent softening again

## WEEKLY U.S. DAP EXPORT PRICES

U.S. \$ P.M.T. FOB TAMPA

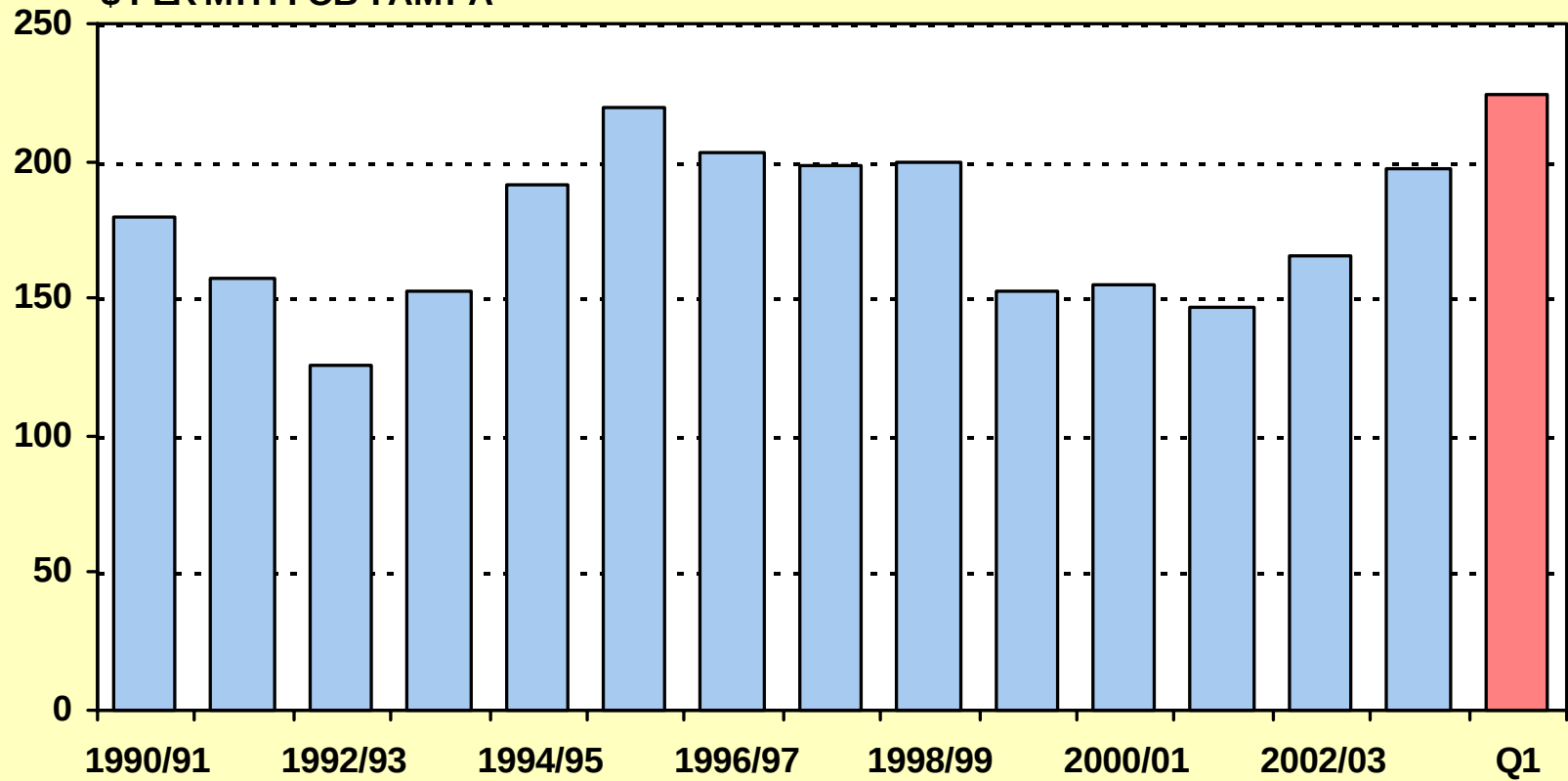


## WEEKLY U.S. DAP EXPORT MARGINS



## ANNUAL U.S. DAP PRICES

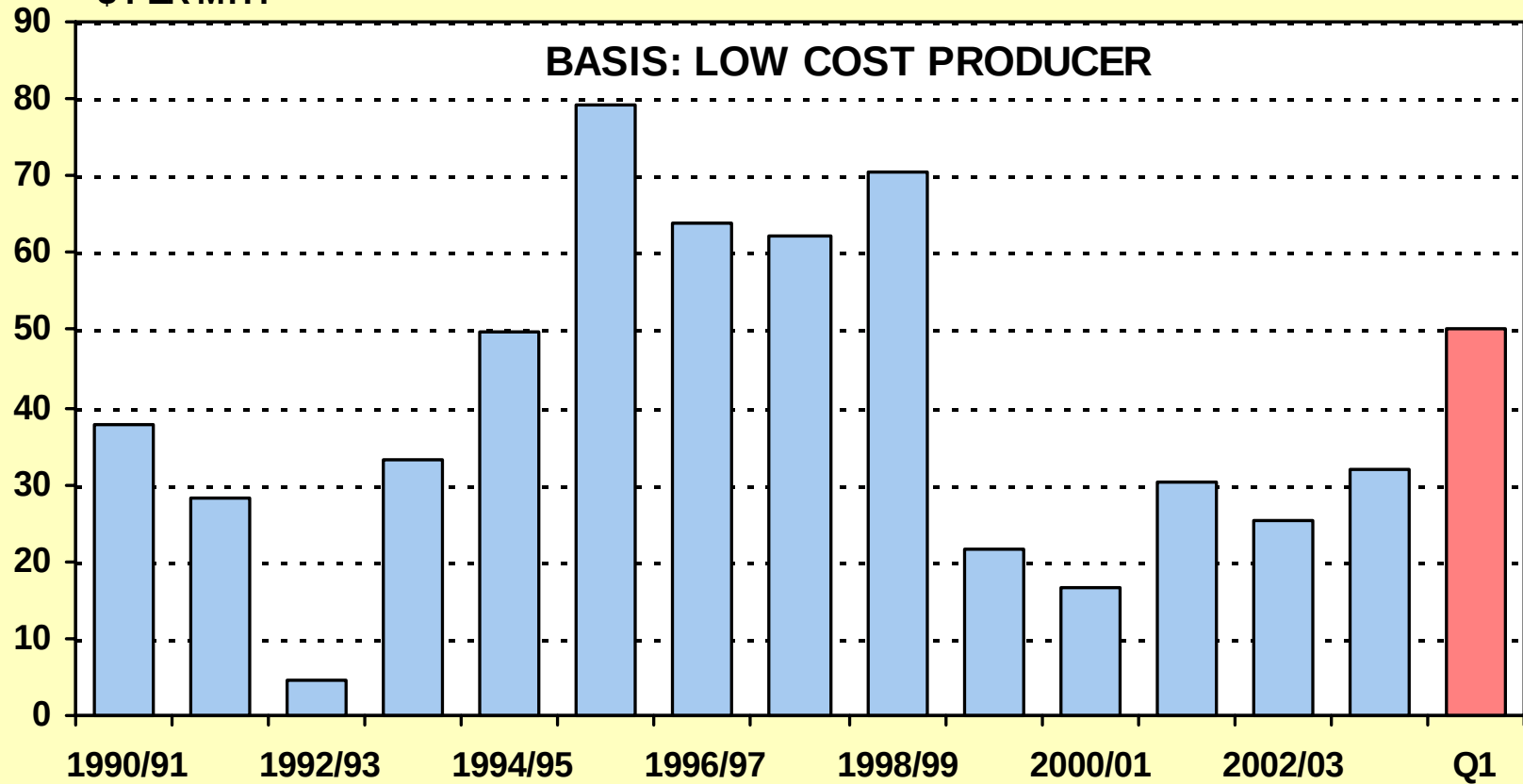
\$ PER M.T. FOB TAMPA



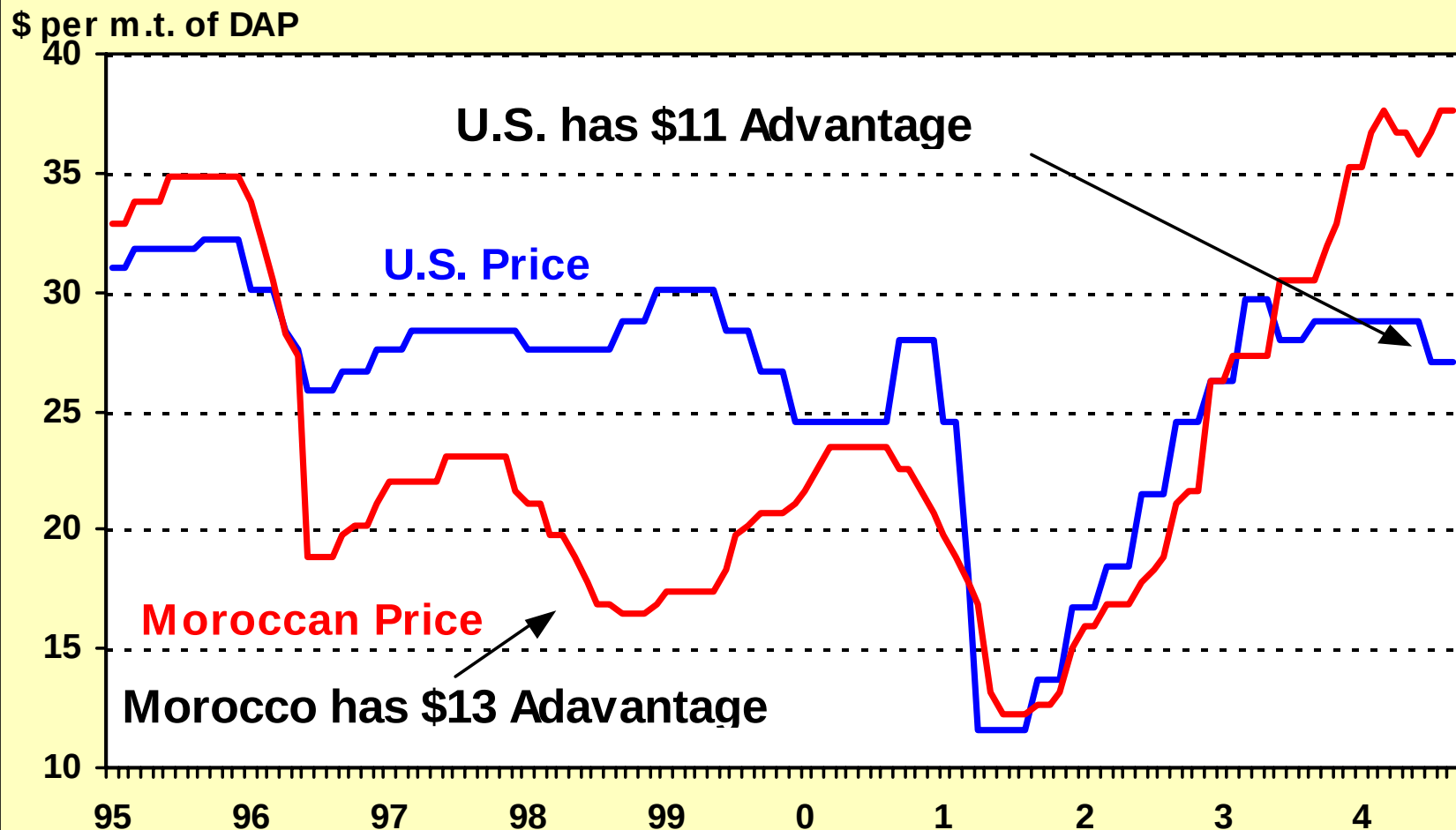
## ANNUAL U.S. DAP CASH MARGINS

\$ PER M.T.

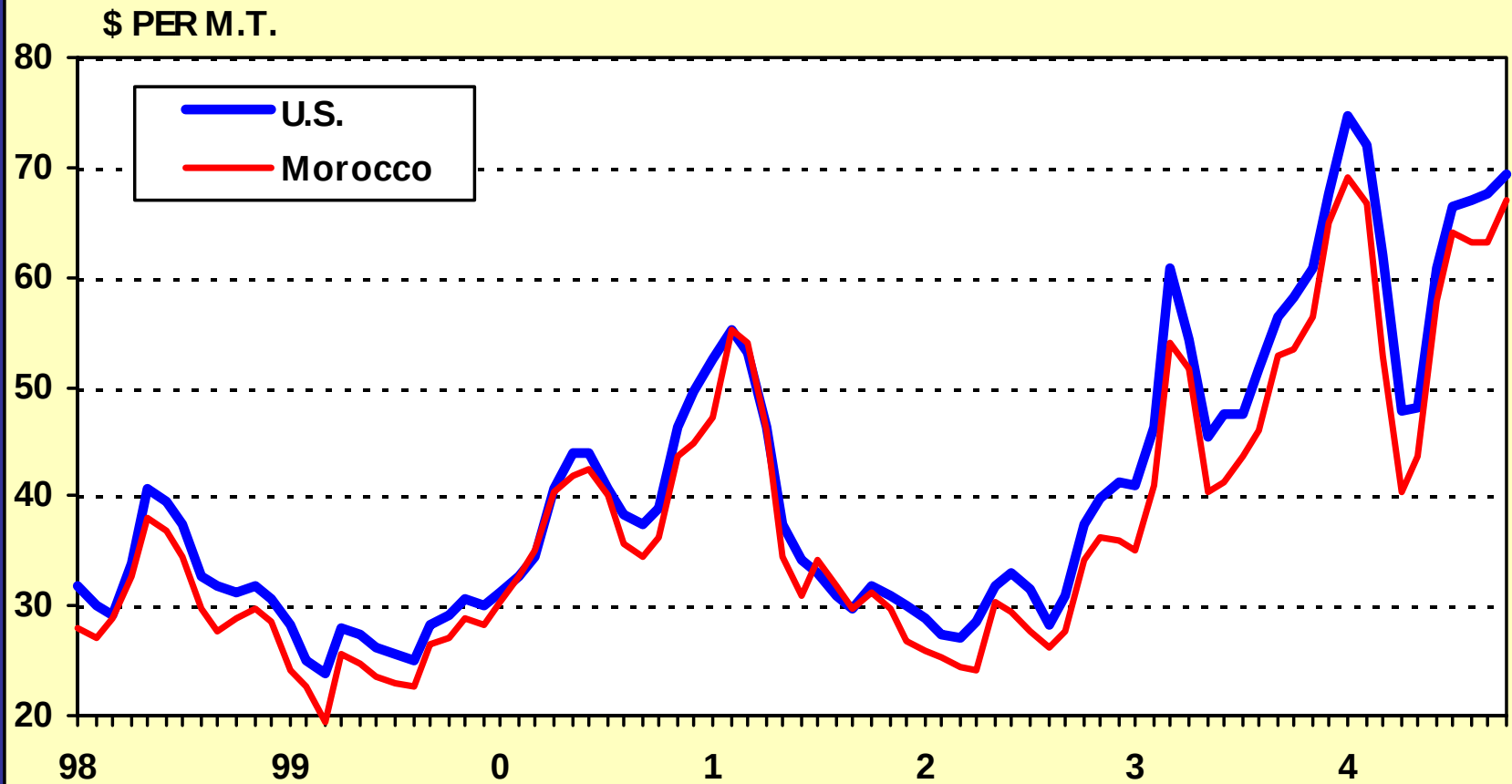
BASIS: LOW COST PRODUCER



## SULPHUR COST IN DAP



## AMMONIA COSTS IN DAP

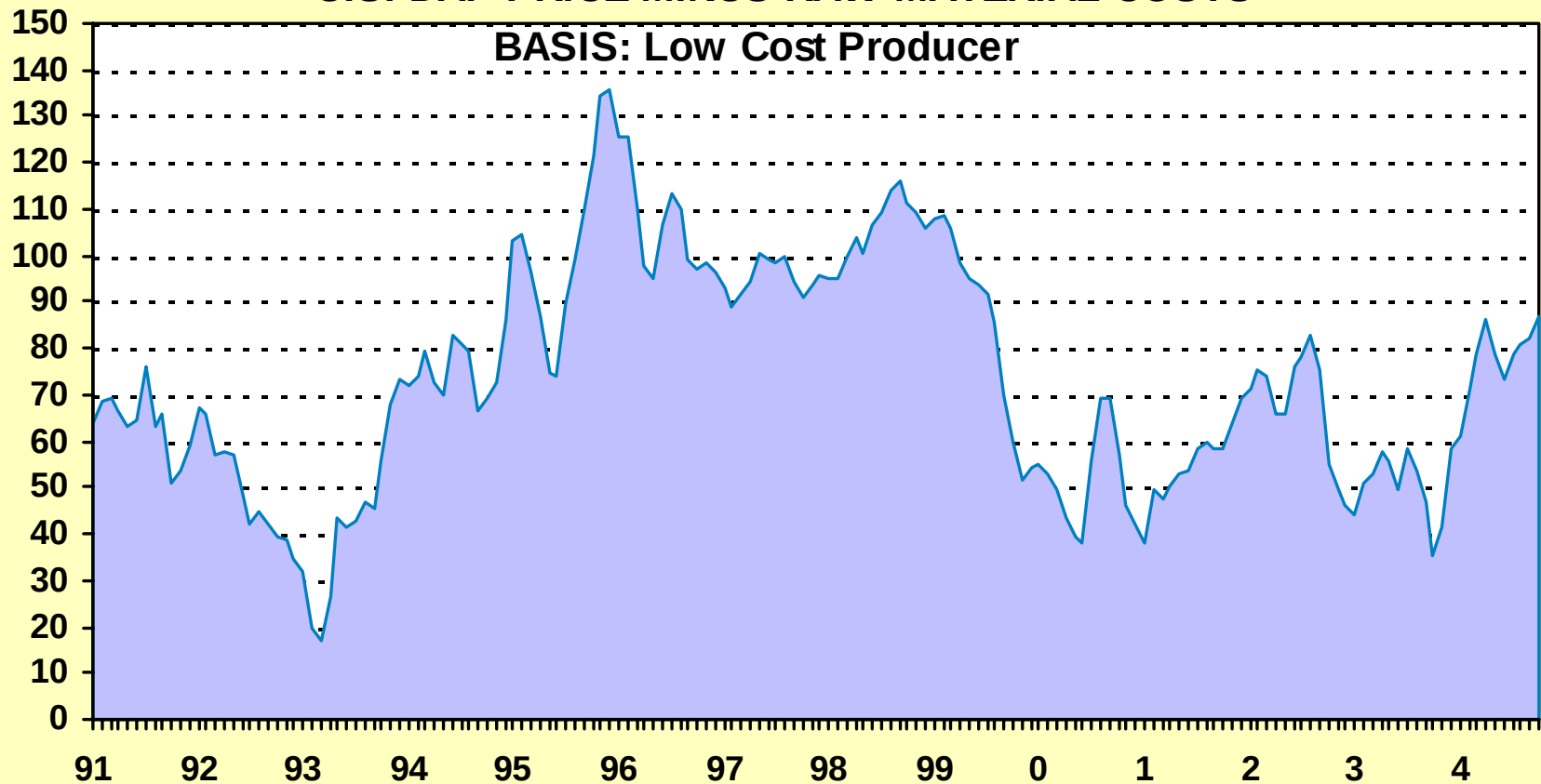


## STATE OF THE MARKET

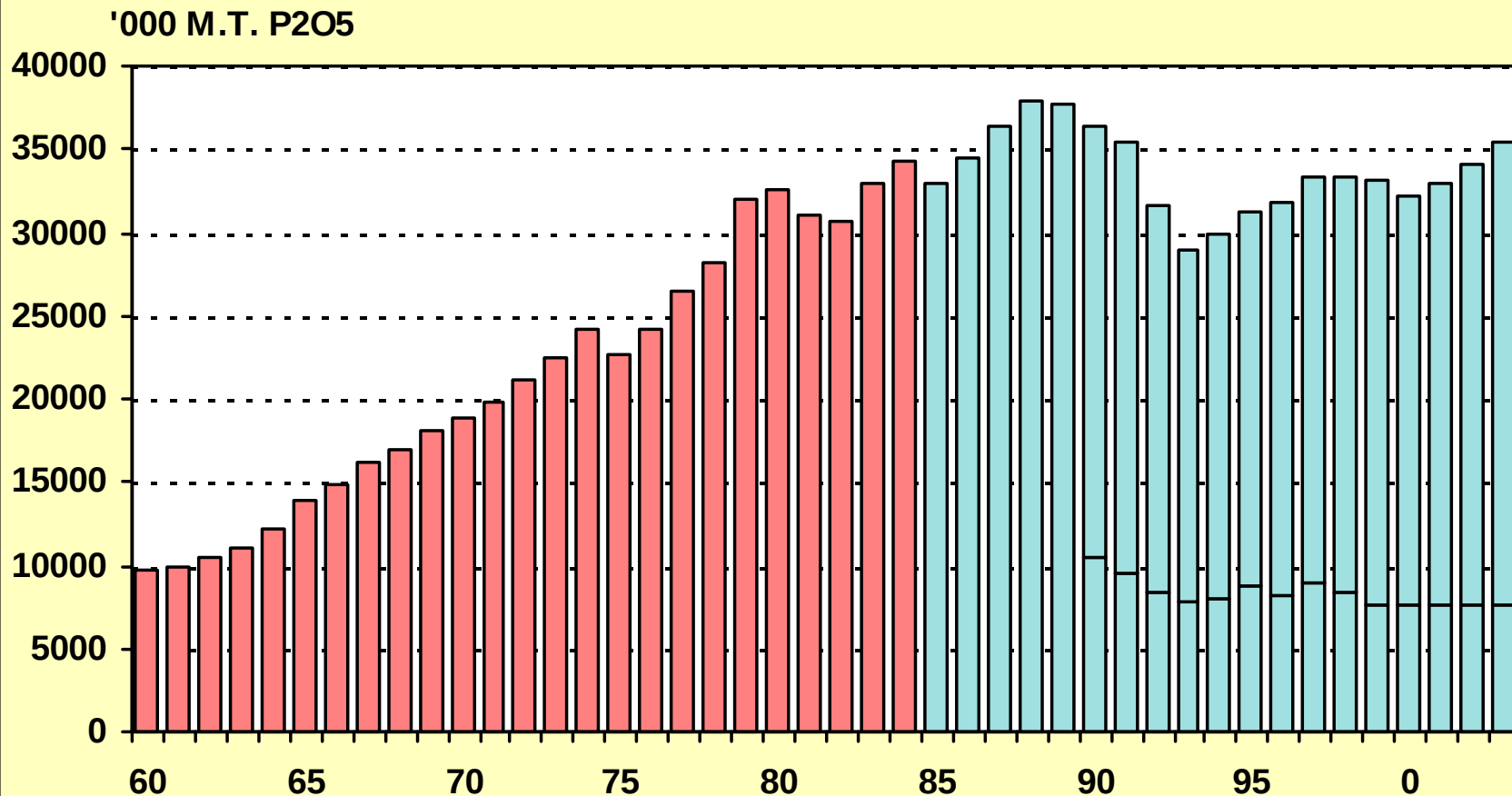
\$ P.M.T. OF DAP

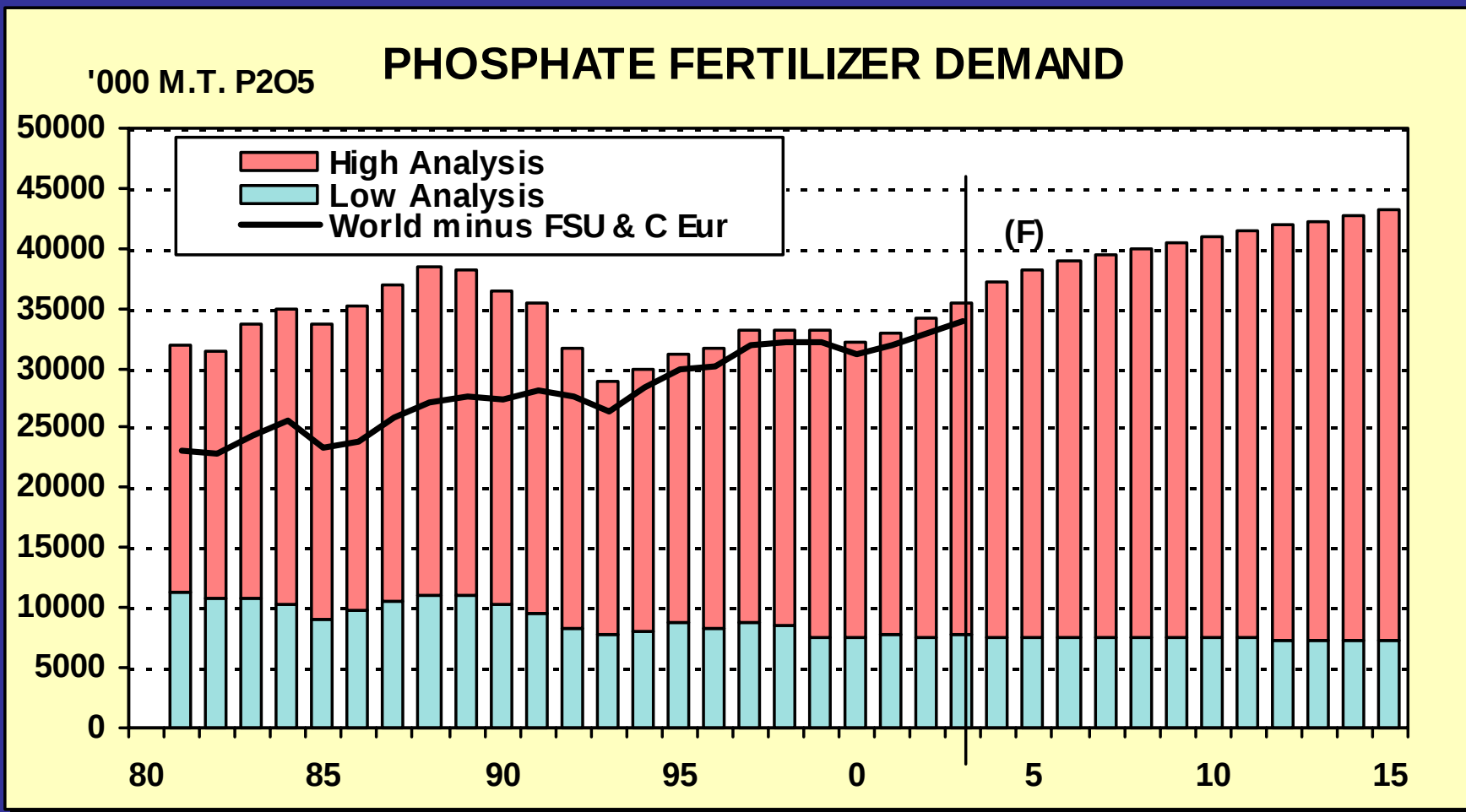
U.S. DAP PRICE MINUS RAW MATERIAL COSTS

BASIS: Low Cost Producer



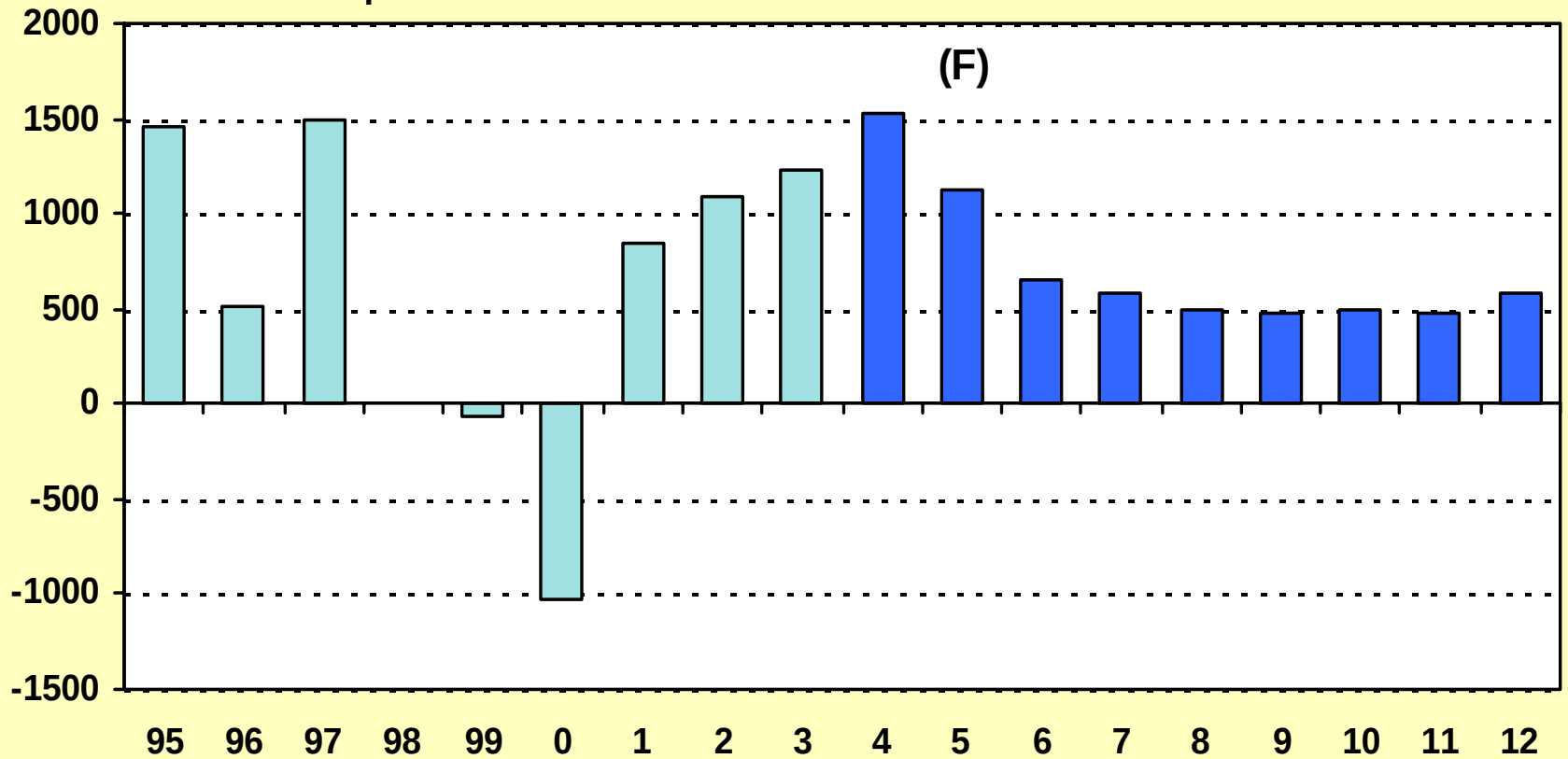
# PHOSPHATE FERTILIZER DEMAND



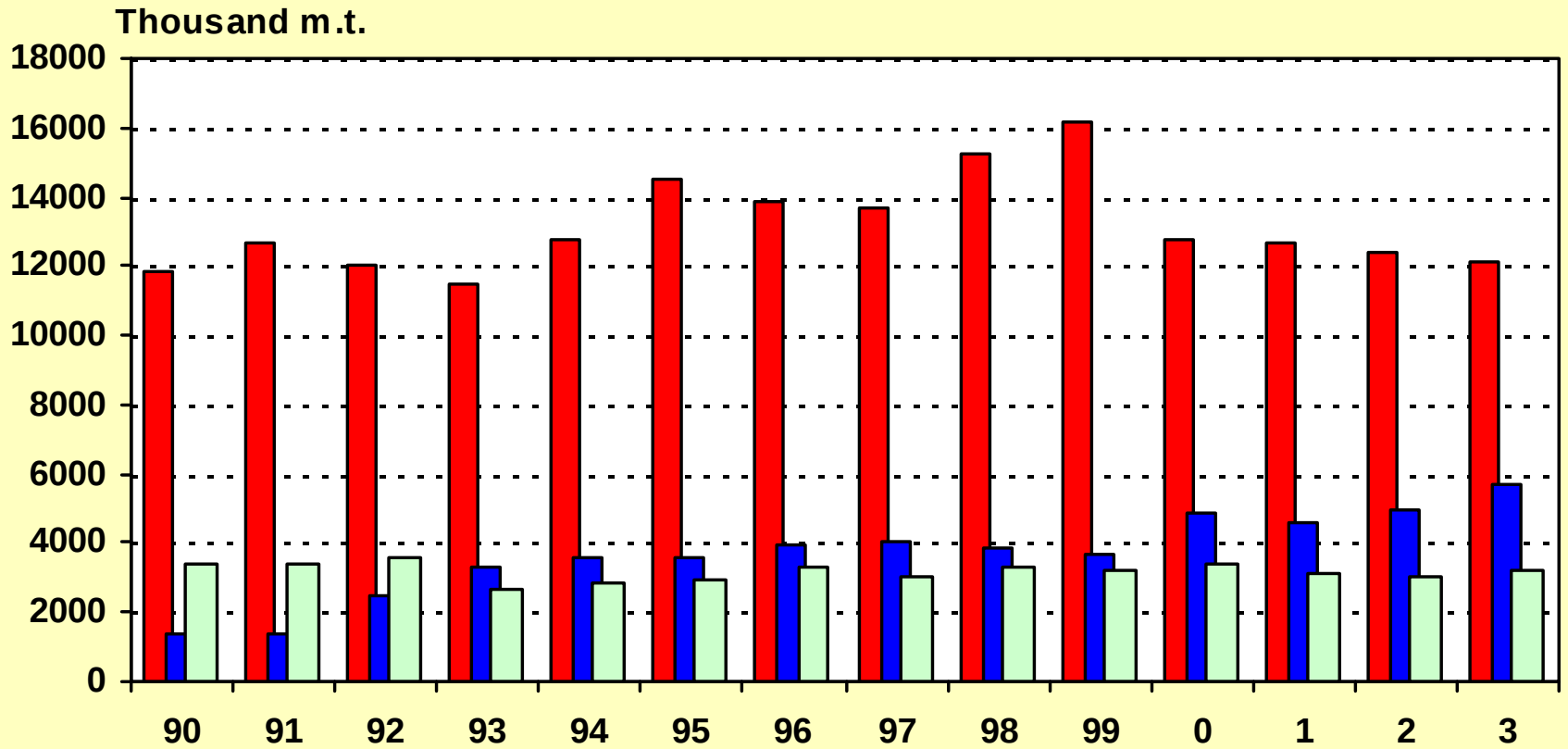


# NET PHOSPHATE DEMAND ADDITIONS

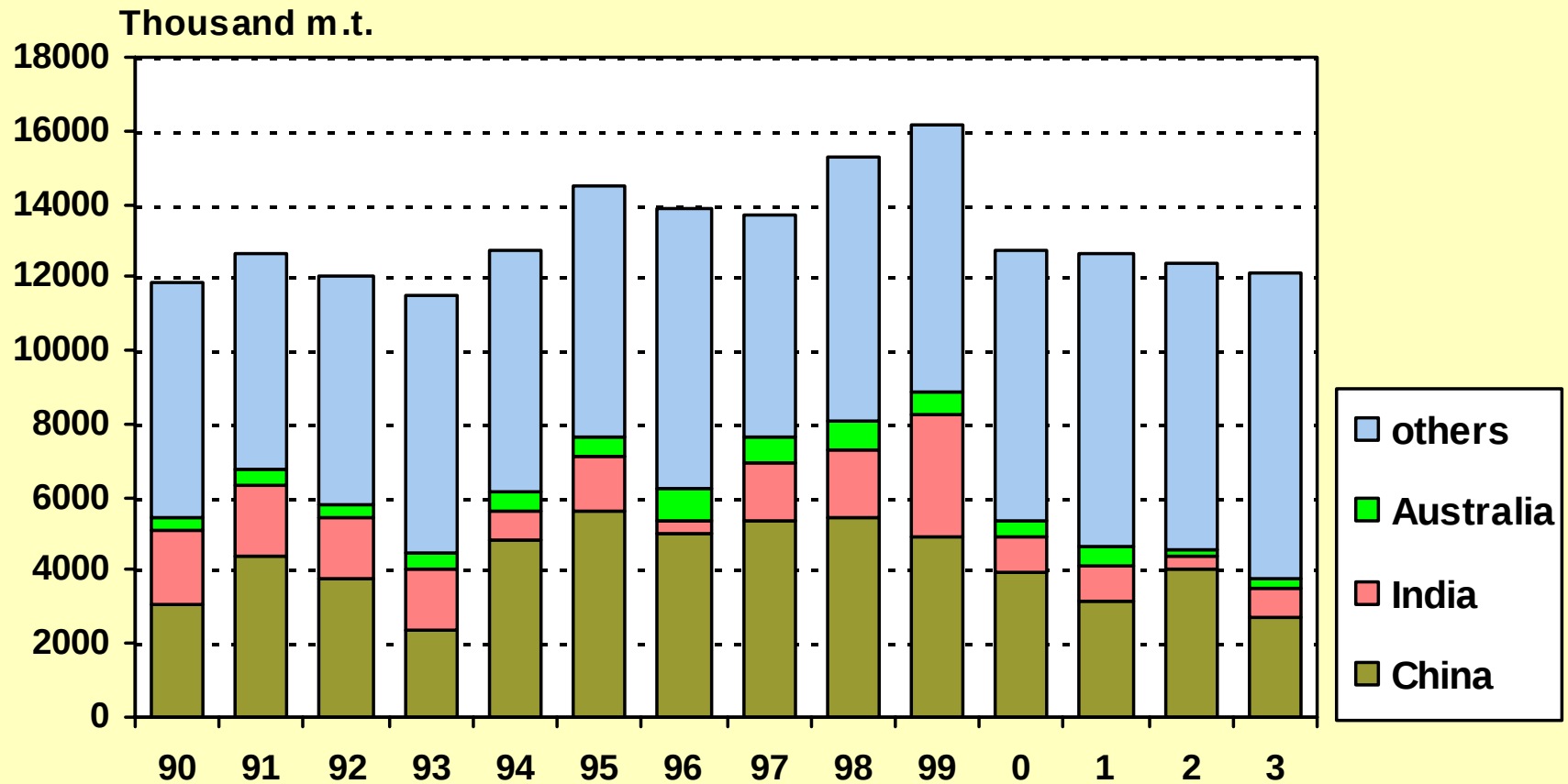
Thousand m.t.p.a. P2O5



## PHOSPHATE PRODUCT TRADE

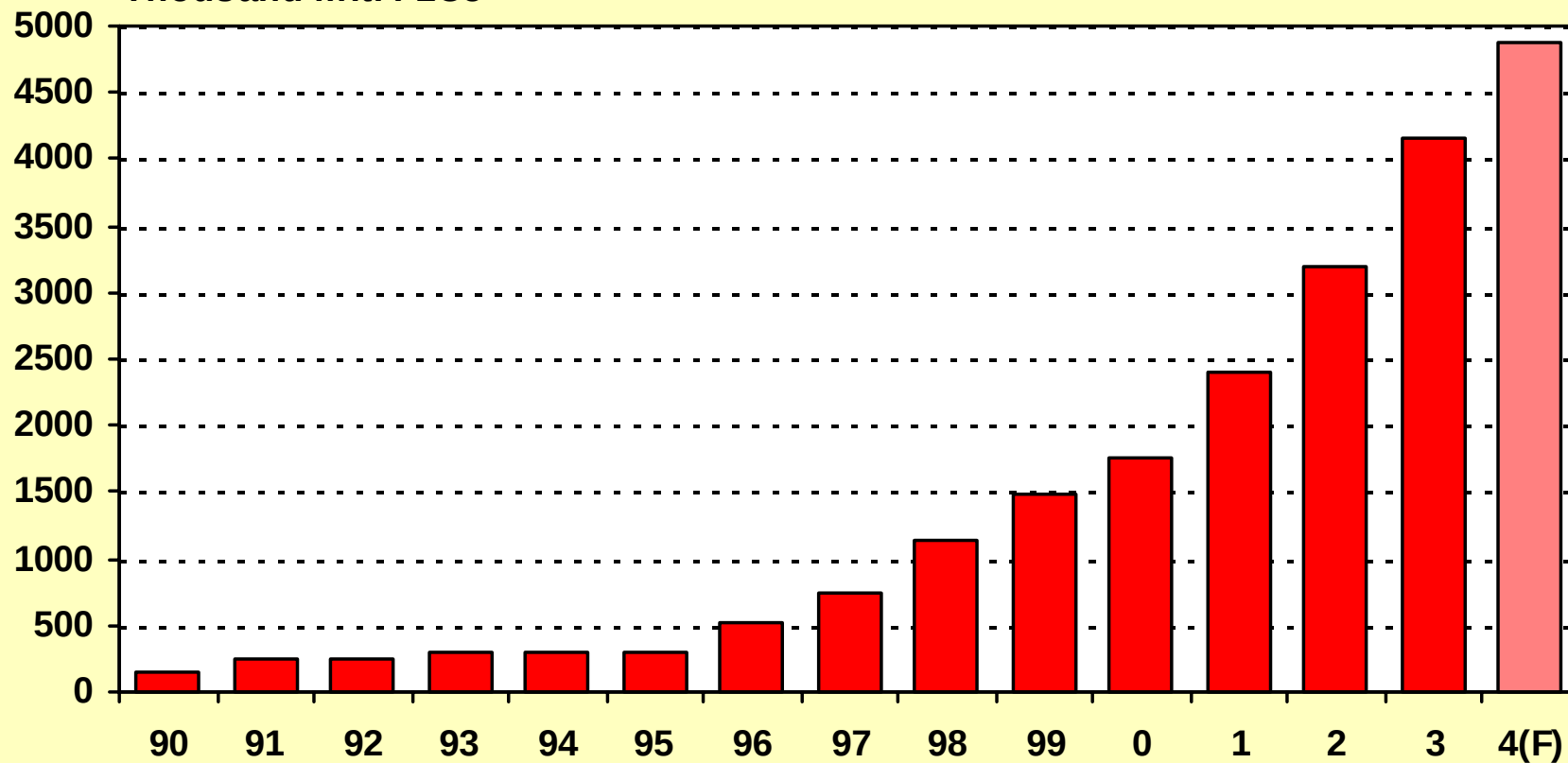


## DAP IMPORTS

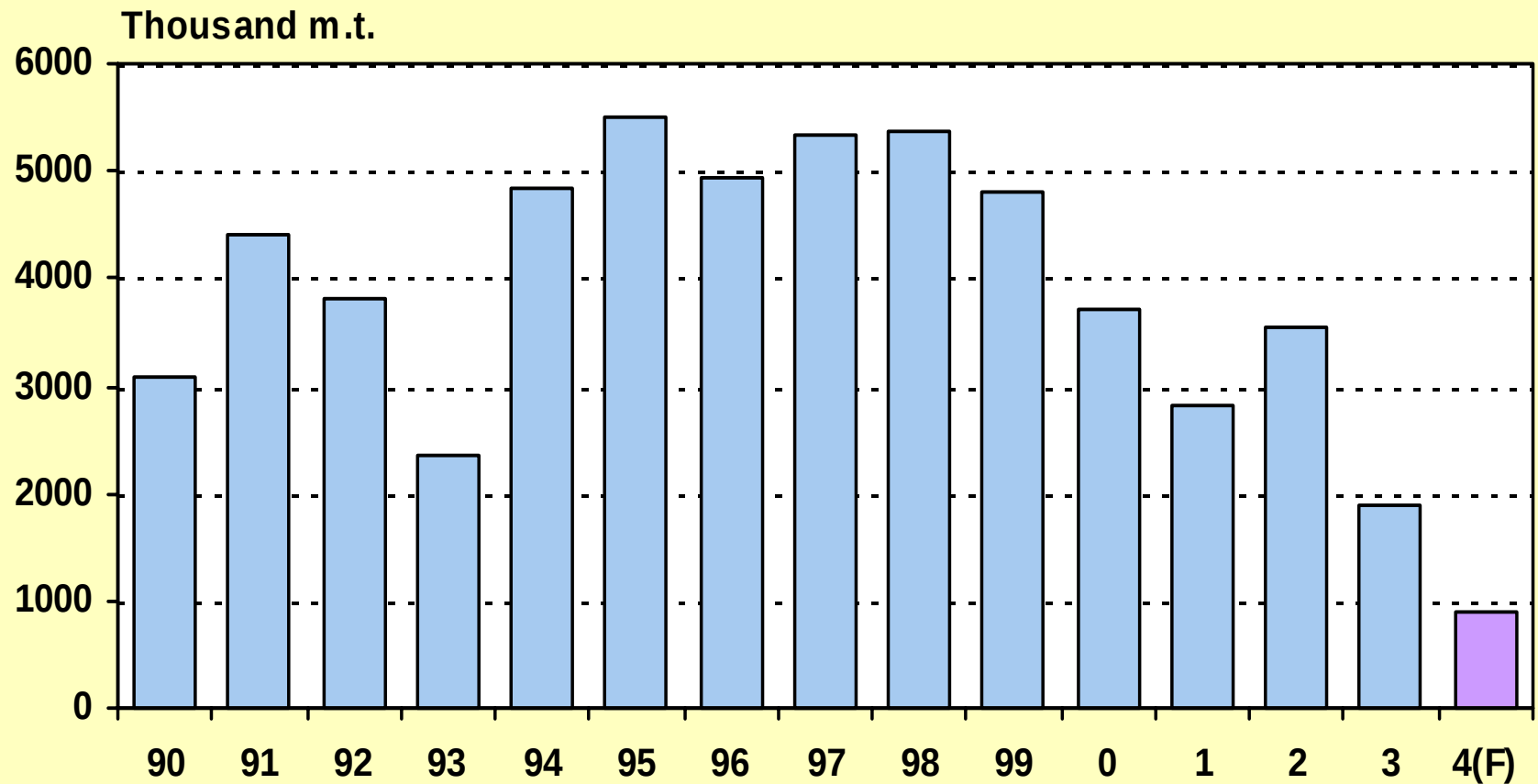


## PHOSPHORIC ACID PRODUCTION IN CHINA

Thousand m.t. P<sub>2</sub>O<sub>5</sub>



## NET DAP IMPORT TRADE INTO CHINA

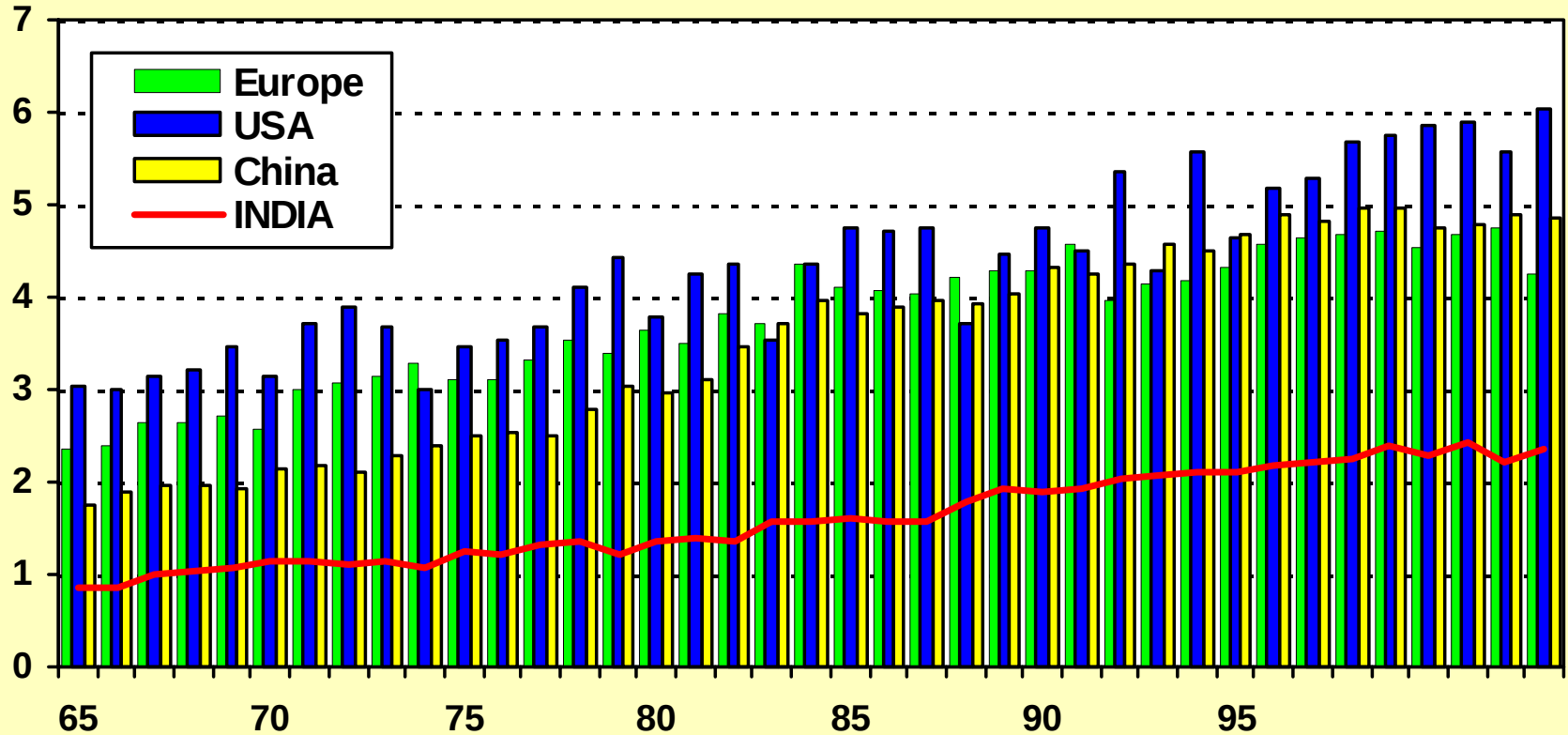


# China: Future Questions

- What will be the main drivers of phosphate fertilizer demand in China in coming years?
- Will the economics of production and transportation to the demand centres in the northeast allow China to become self-sufficient in DAP?
- How do the economics of production and export stack up against U.S. supply economics to regional markets?
- Will the phosphate rock reserve base be of sufficient quantity/quality to support the phenomenal growth in the industry?

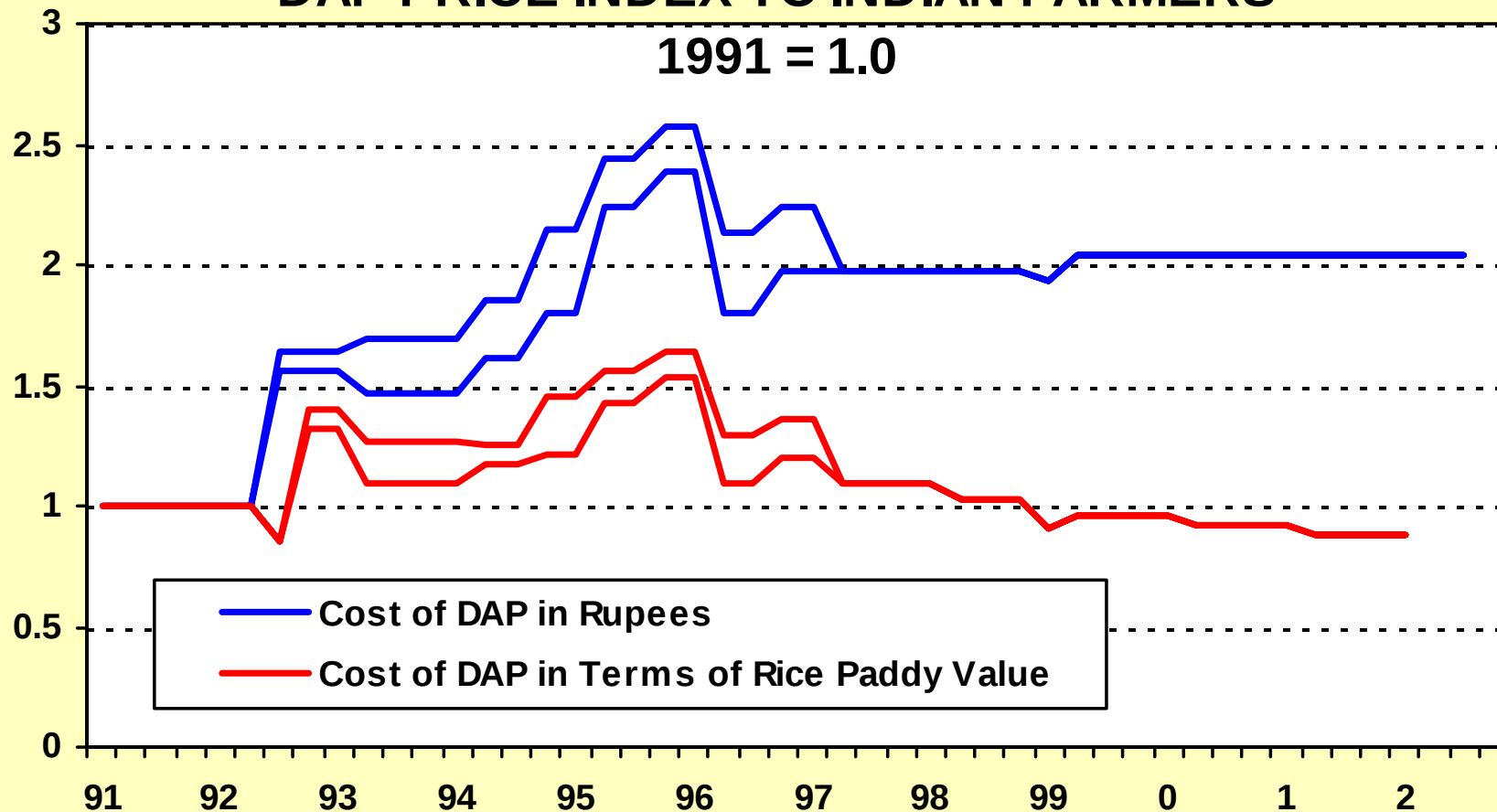
# TOTAL CEREAL YIELDS

TONNES PER HECTARE



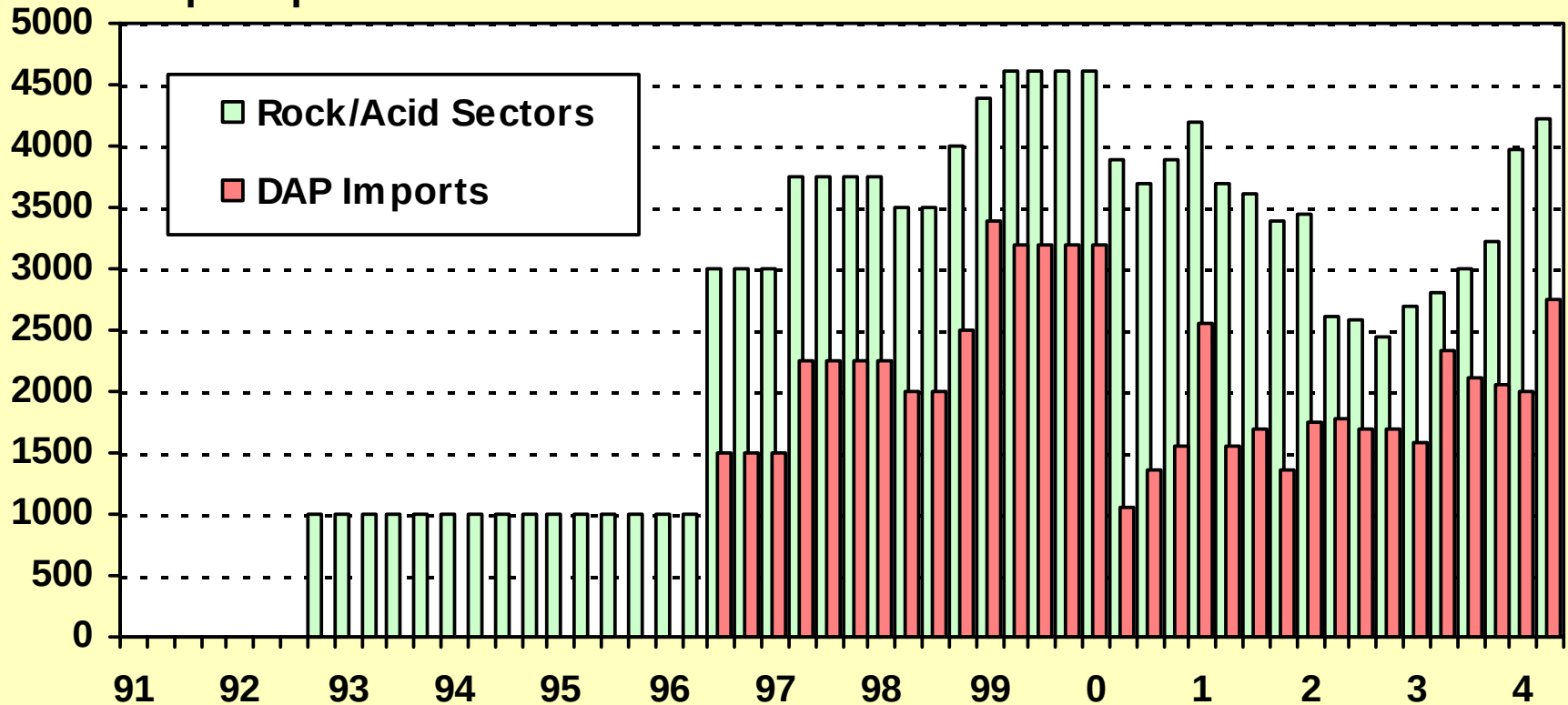
## DAP PRICE INDEX TO INDIAN FARMERS

1991 = 1.0



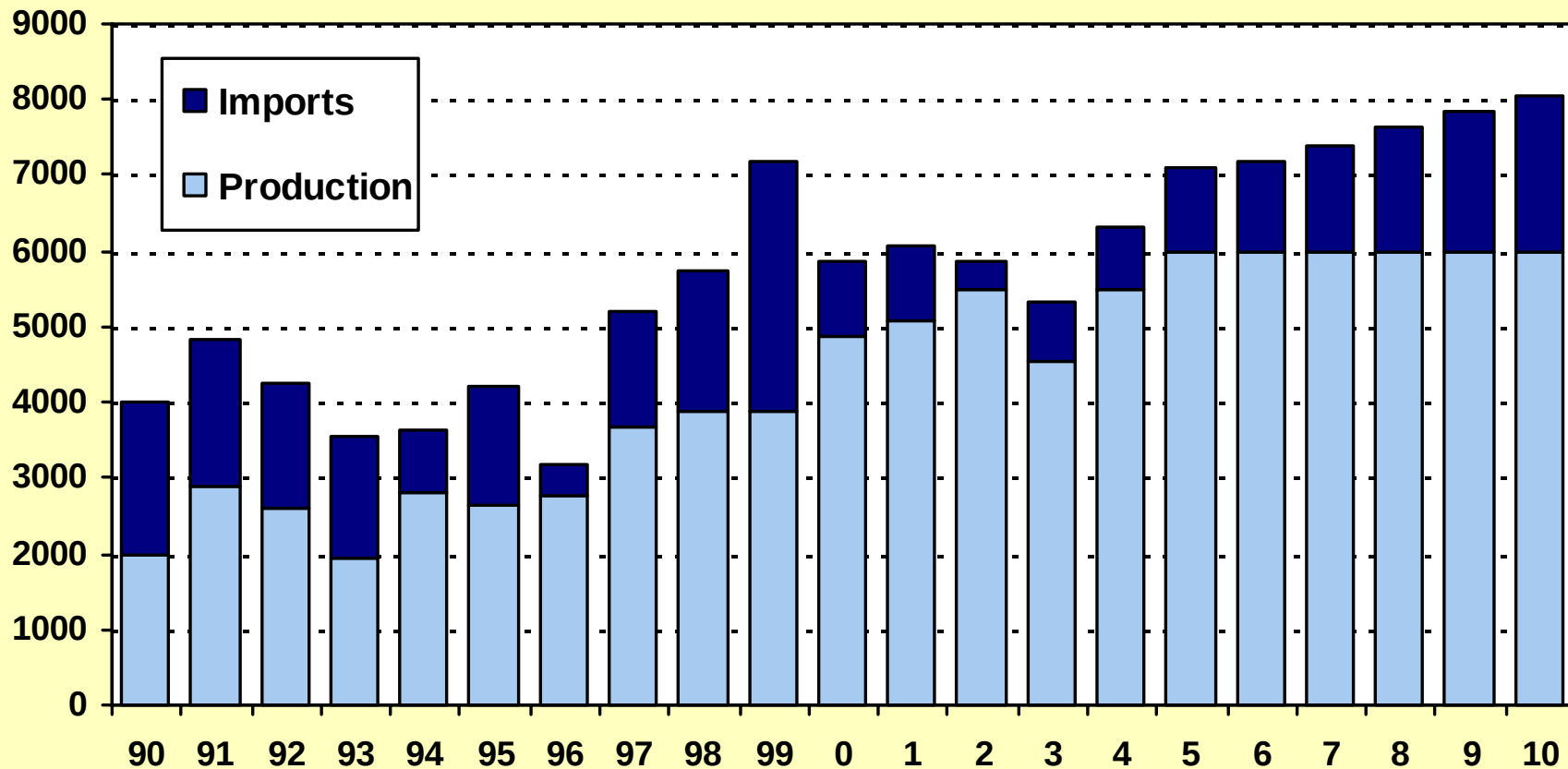
# INDIAN DAP SUBSIDIES

Rupees per m.t. of DAP

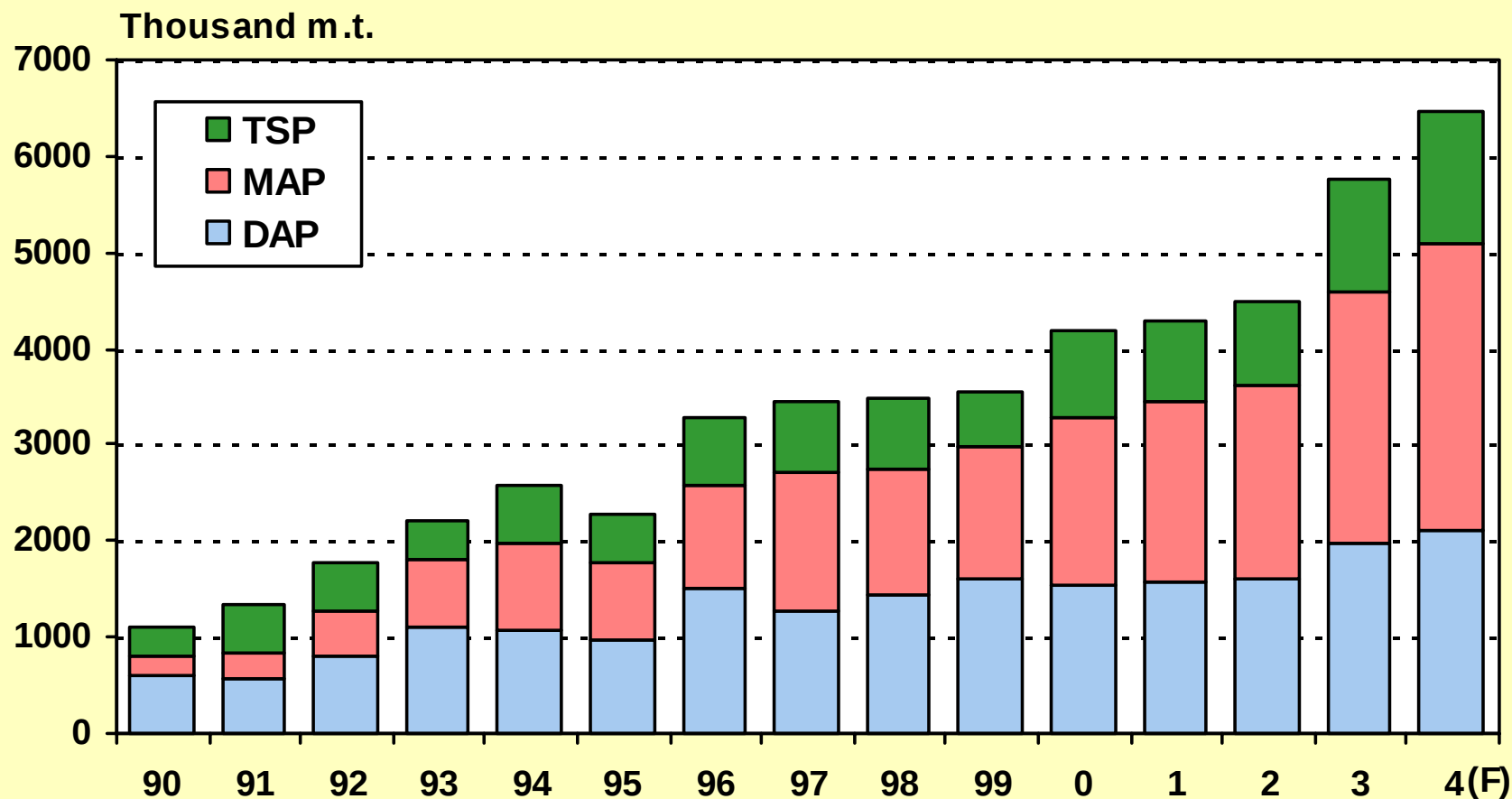


Thousand m.t.

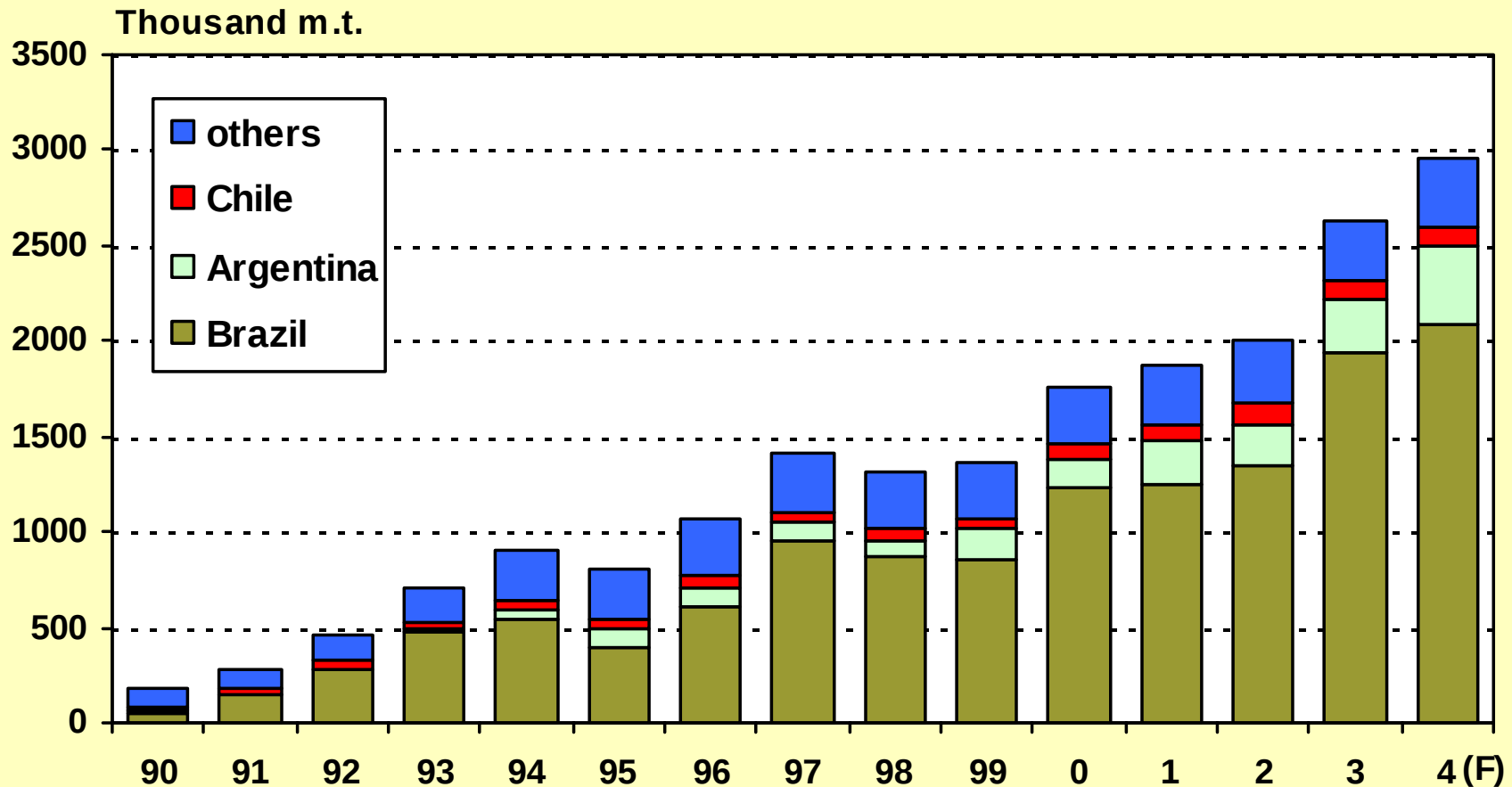
## DAP SUPPLY TO INDIA



## LATIN AMERICA: DAP/MAP/TSP IMPORTS

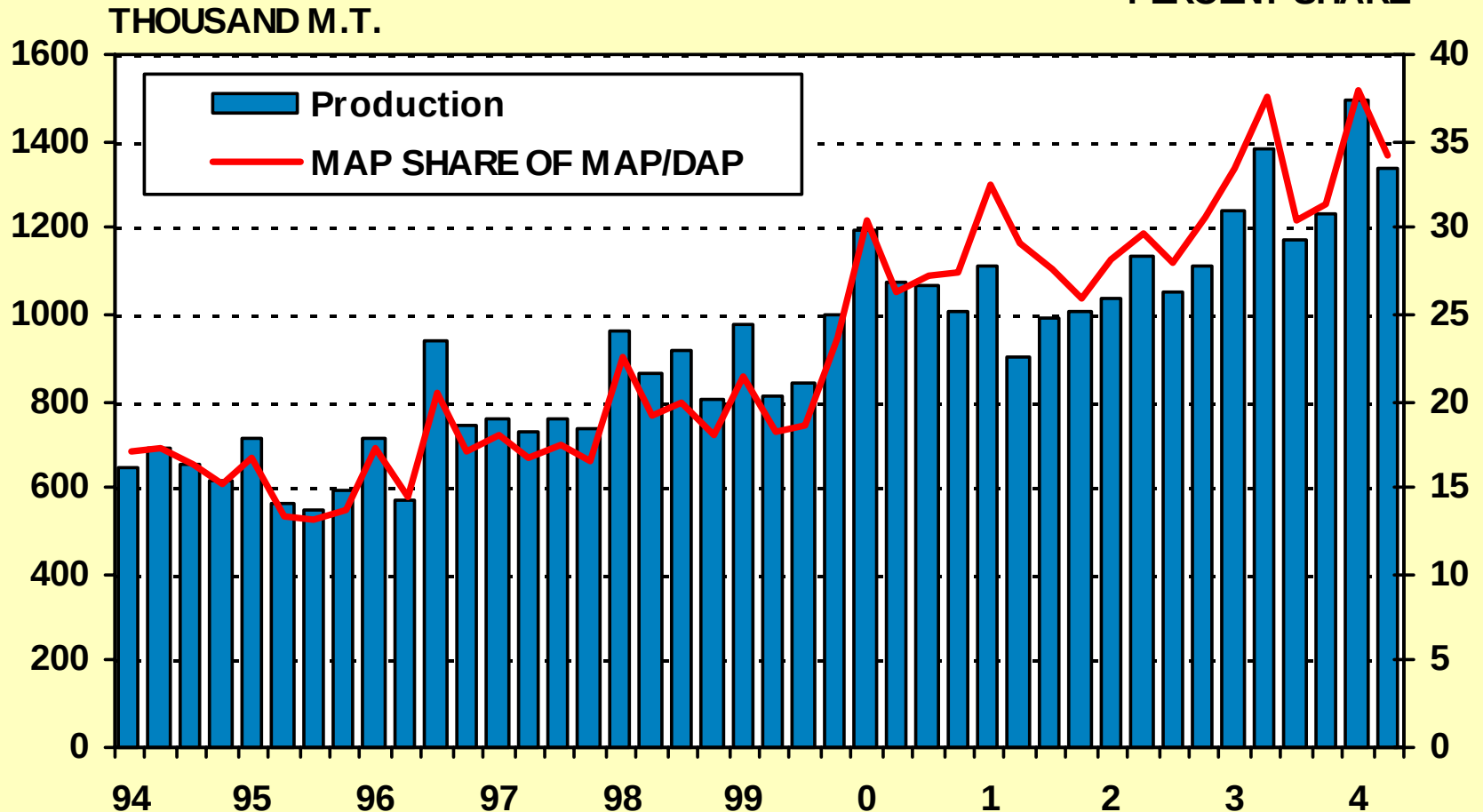


## LATIN AMERICA: MAP IMPORTS

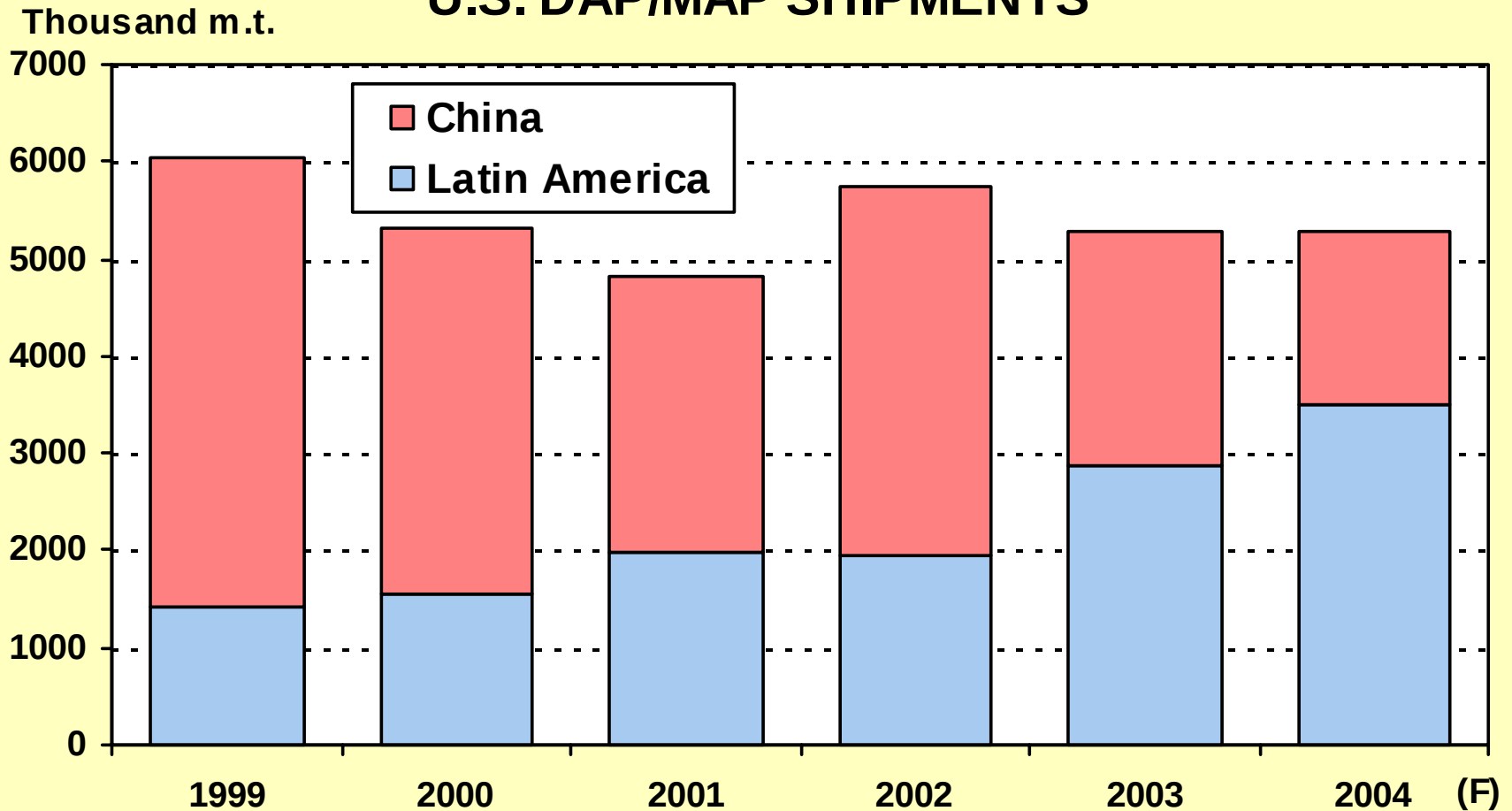


# U.S. MAP PRODUCTION

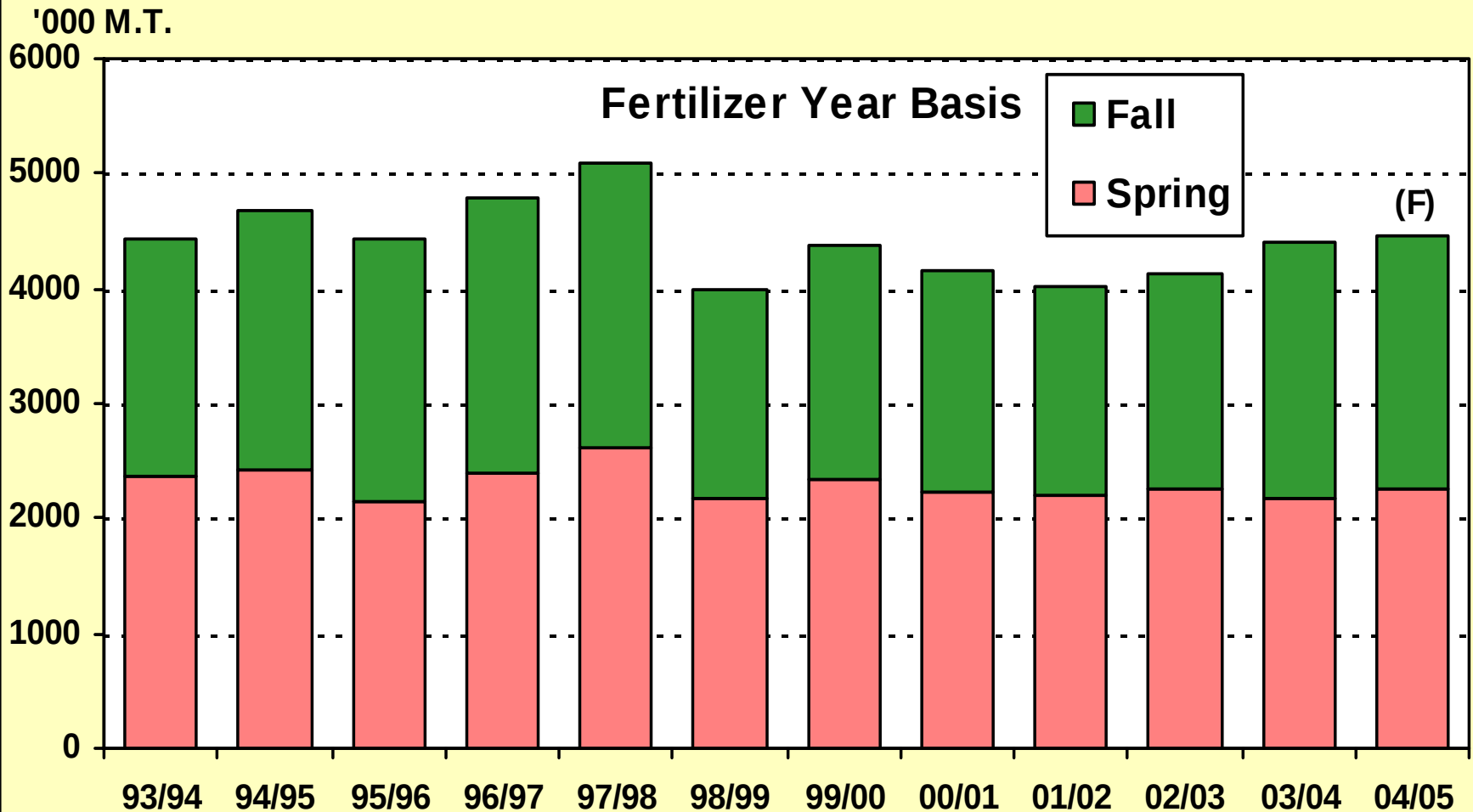
PERCENT SHARE

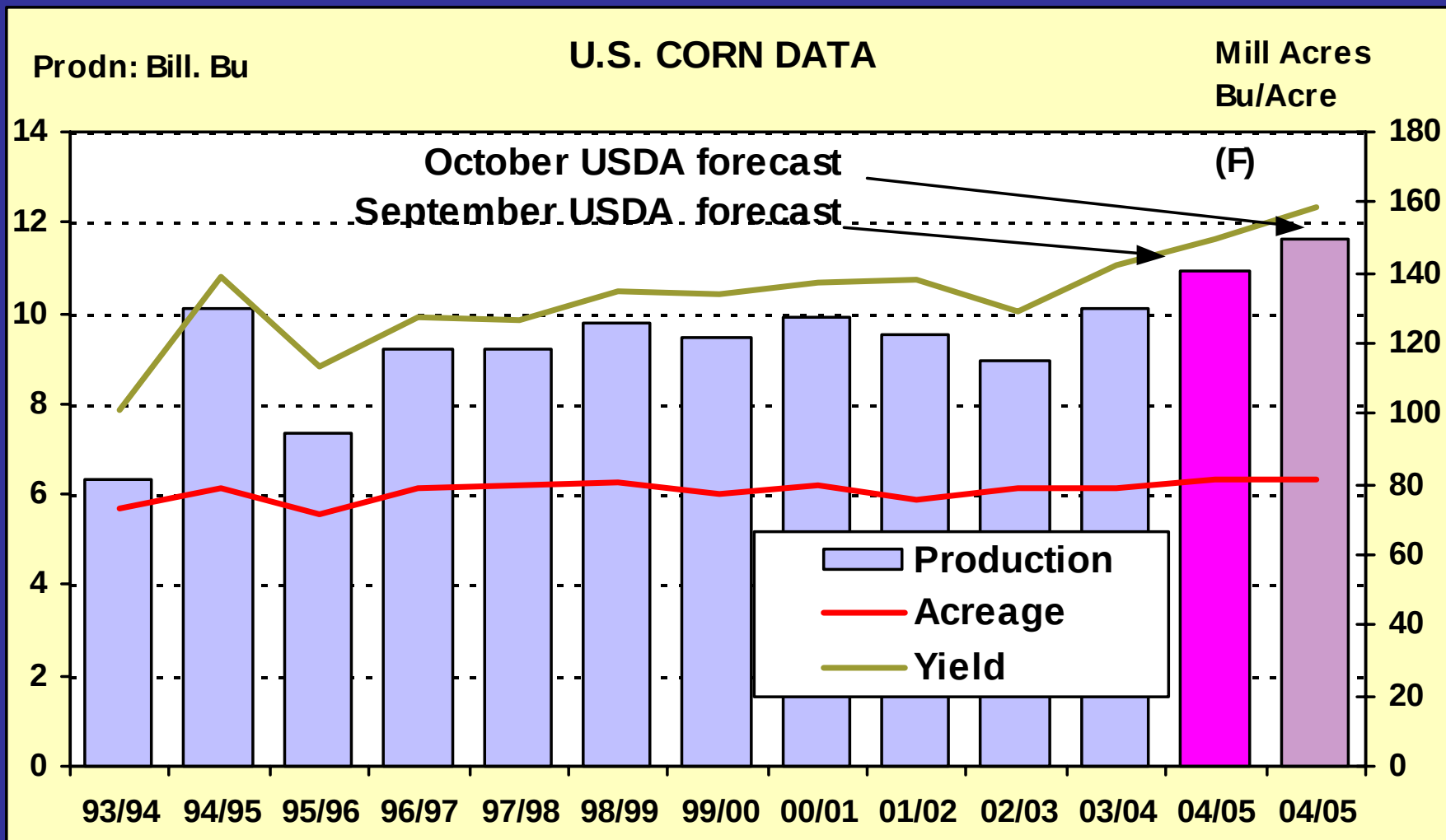


## U.S. DAP/MAP SHIPMENTS

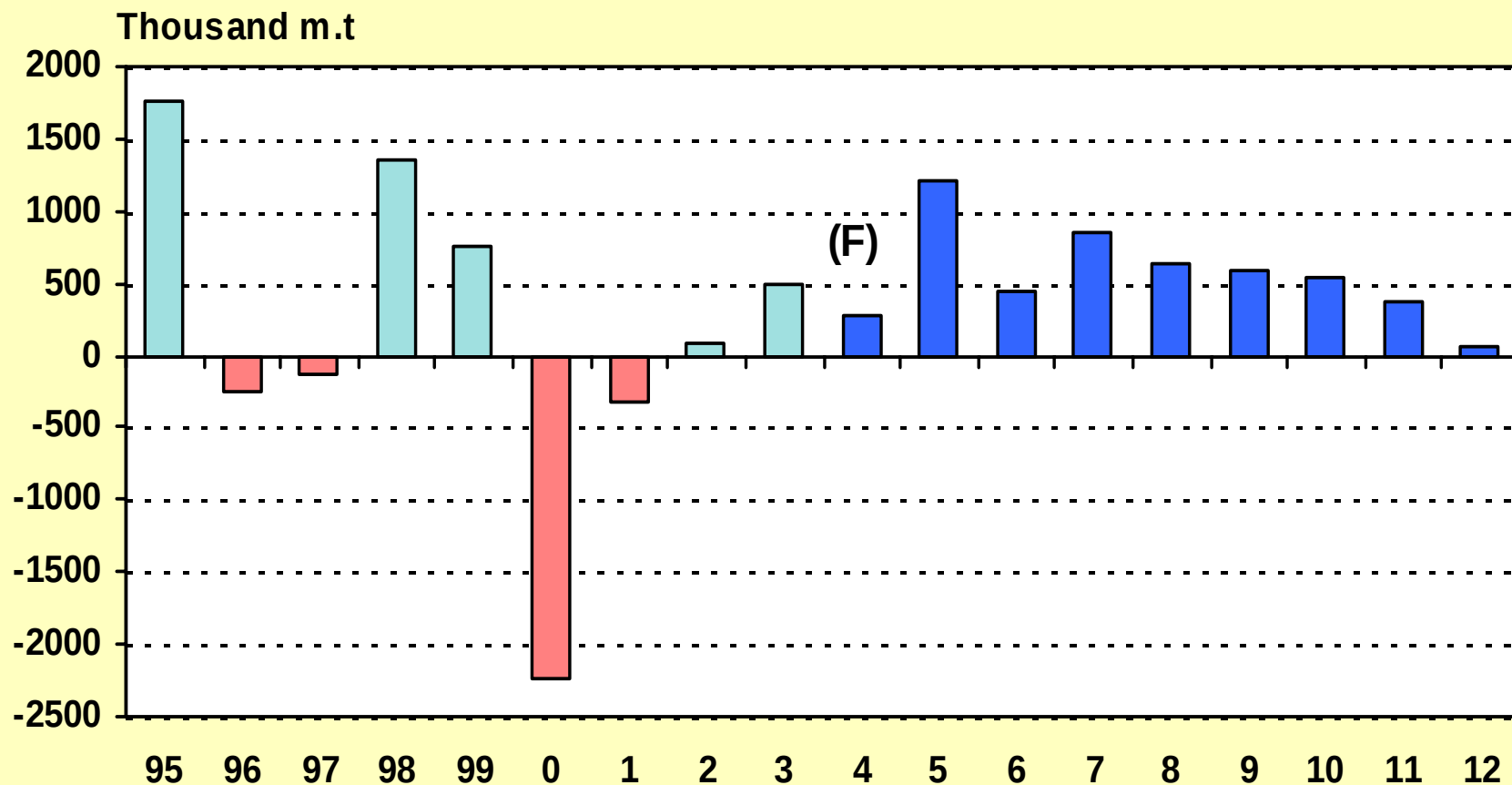


## U.S. DOMESTIC DAP SHIPMENTS

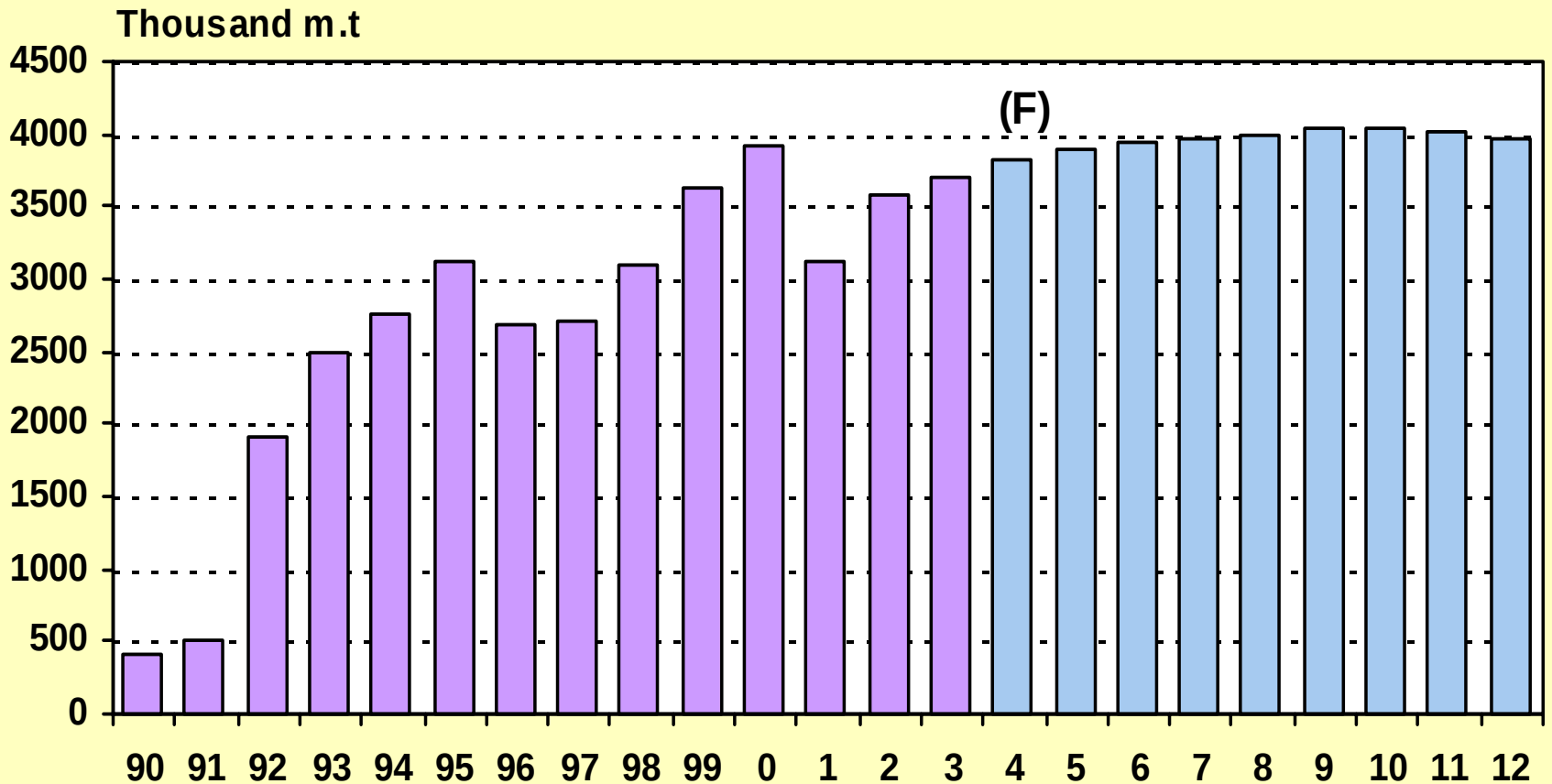




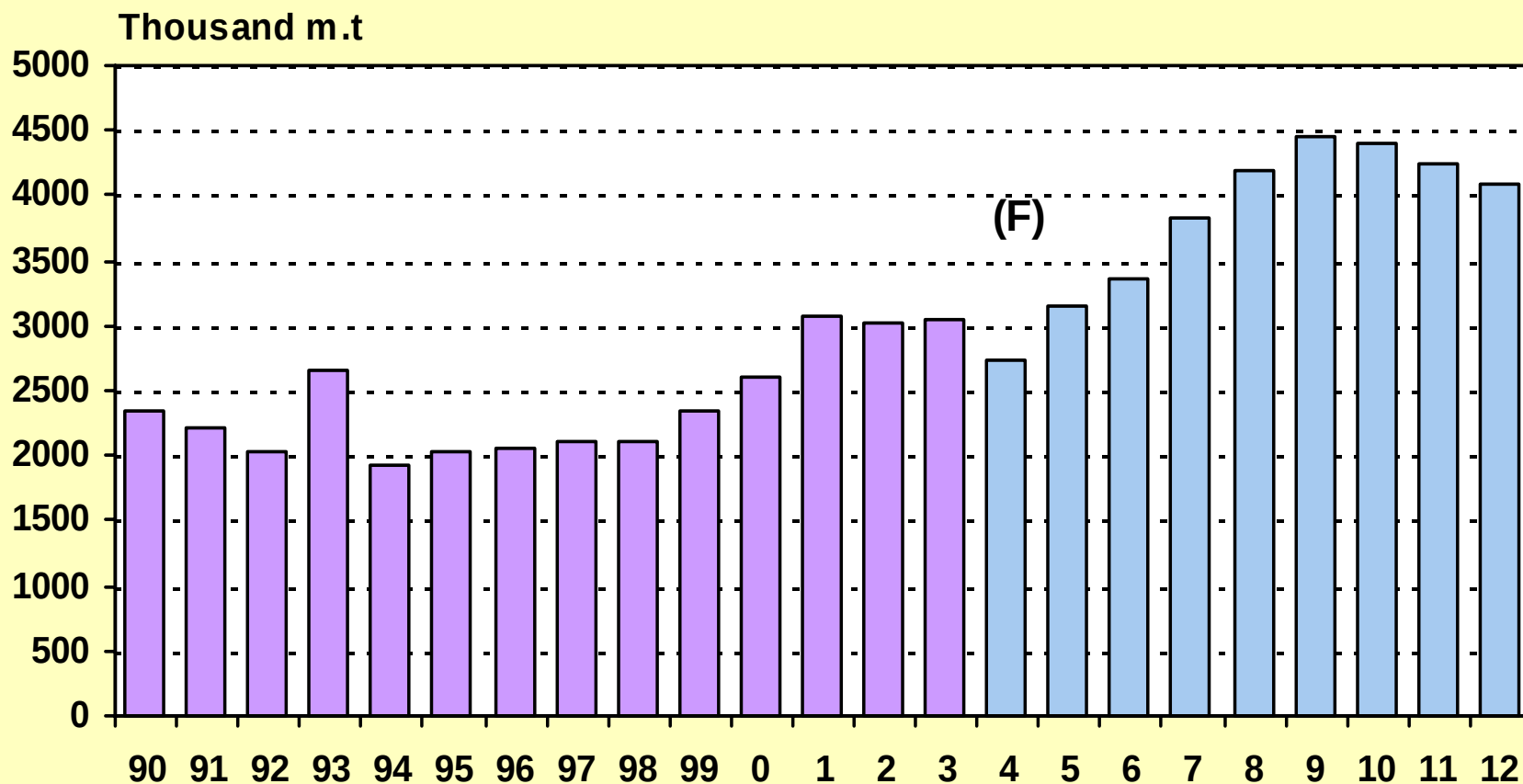
## CHANGES TO MAP/DAP IMPORT DEMAND



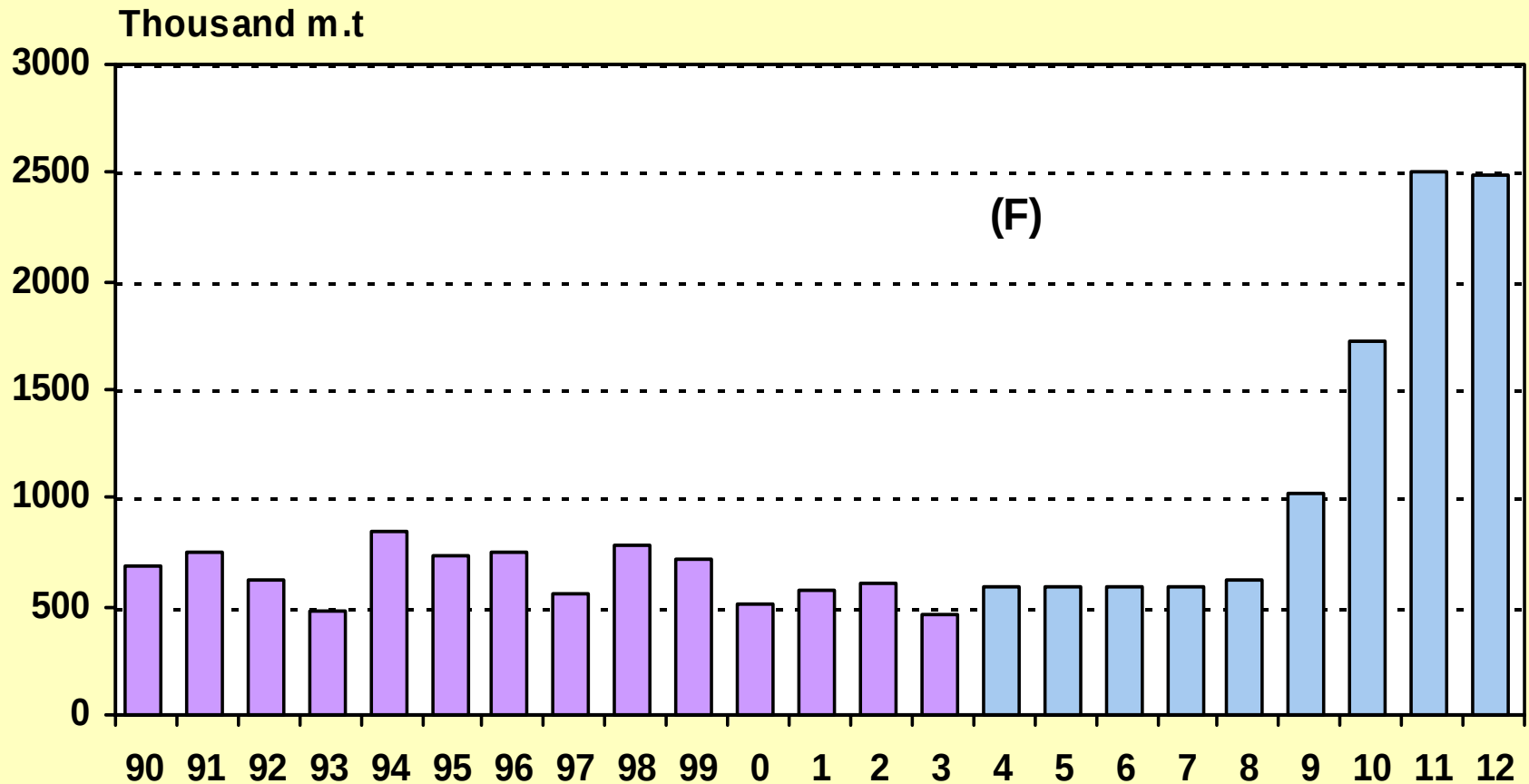
## FSU MAP/DAP EXPORTS



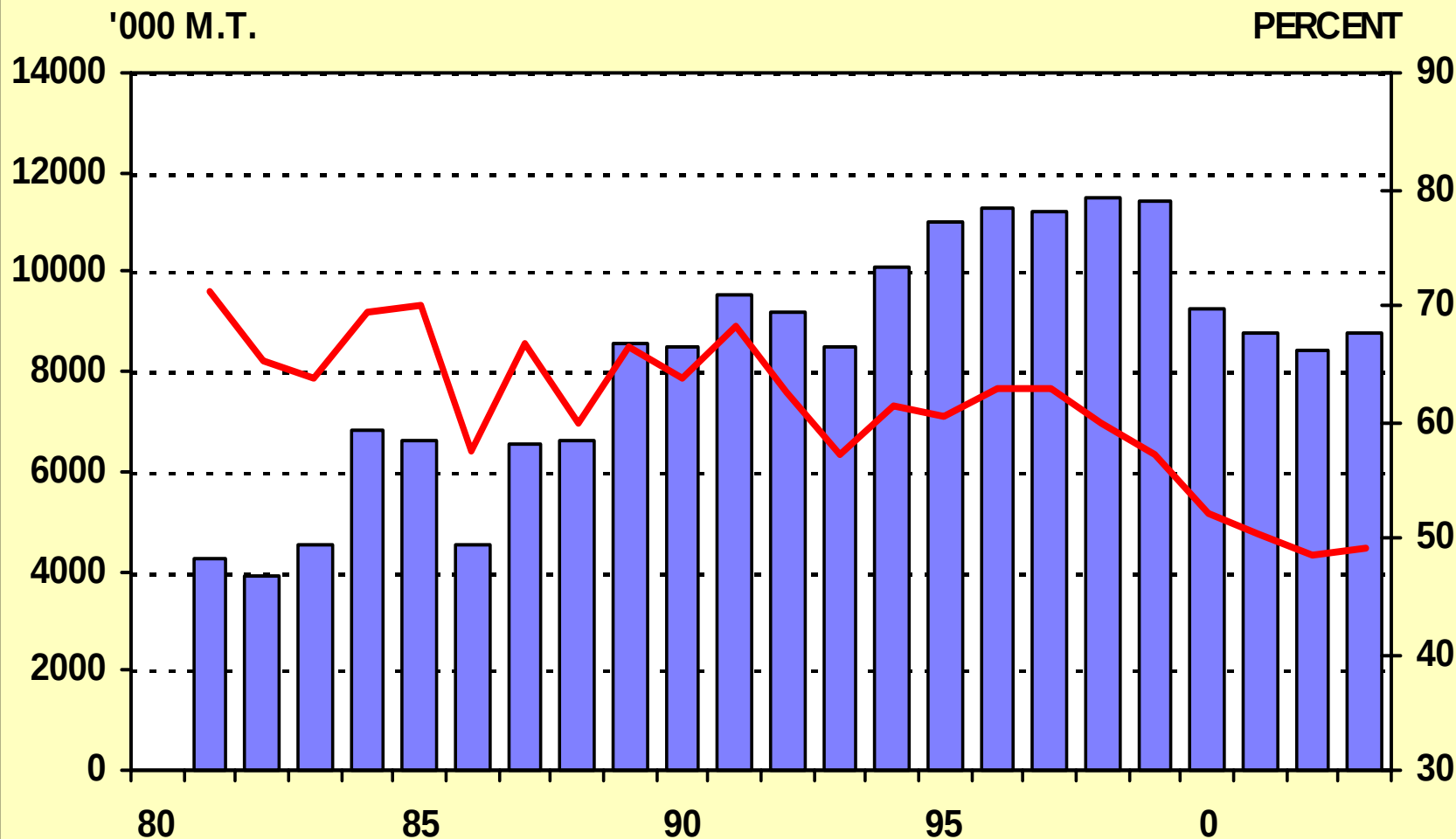
## NORTH AFRICAN MAP/DAP EXPORTS



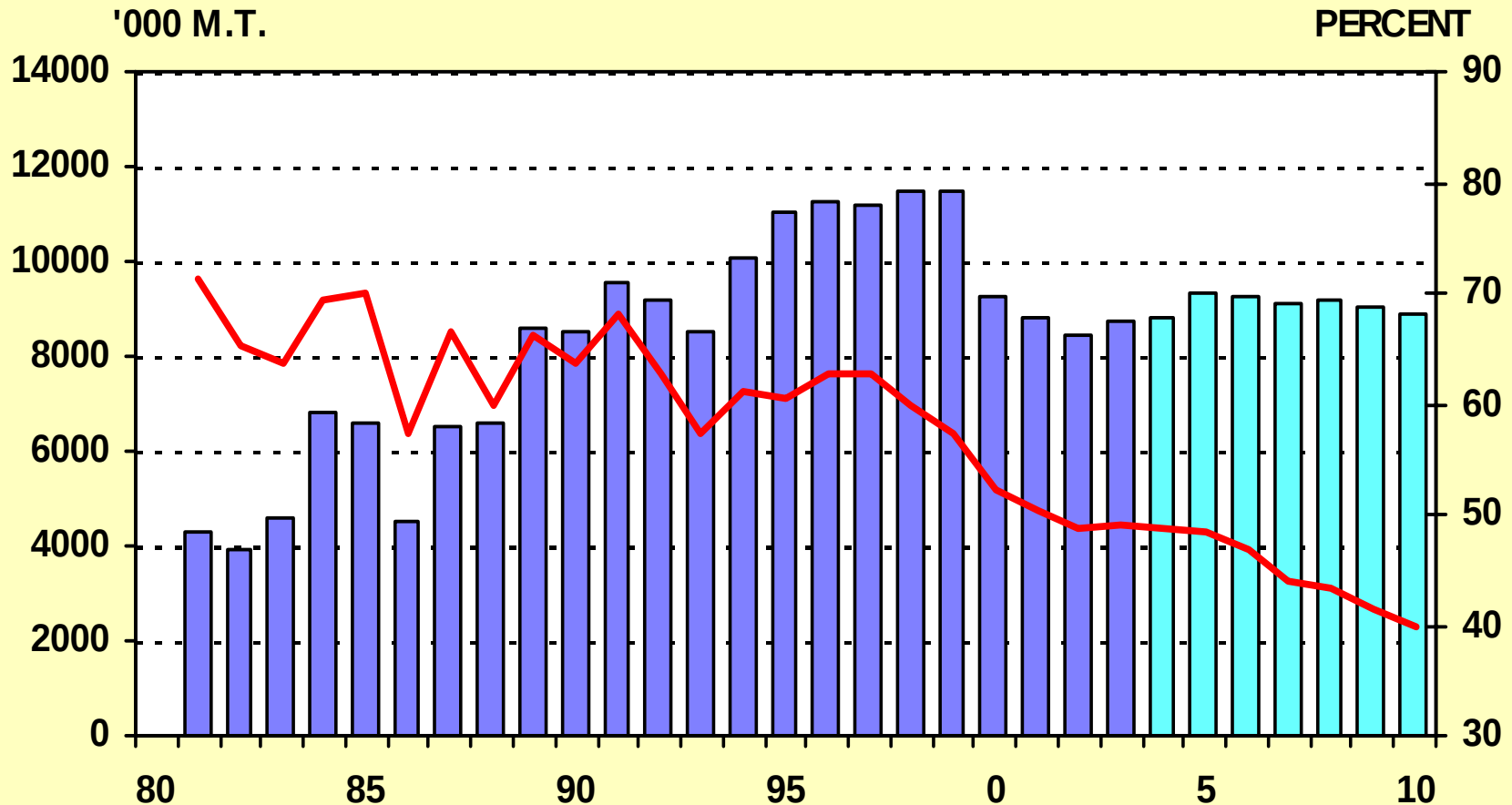
## MIDDLE EAST MAP/DAP EXPORTS



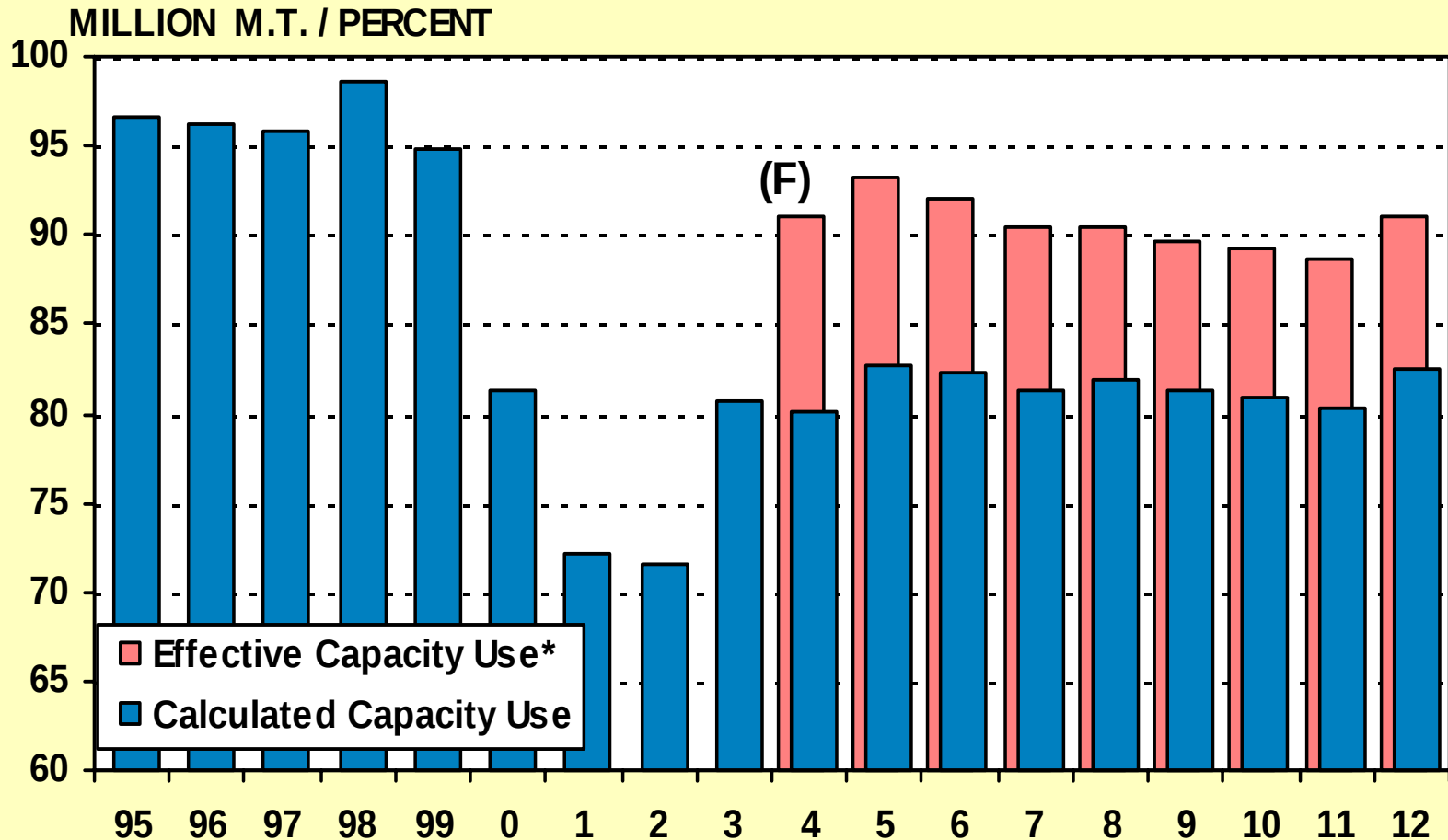
# U.S. MAP/DAP EXPORTS AND MARKET SHARE



# U.S. MAP/DAP EXPORTS AND MARKET SHARE



# U.S. DAP/MAP CAPACITY USE FORECASTS



# Thank You!