





The Potash Outlook

Al Mulhall
Director, Market Research - PotashCorp

TFI Outlook Meeting

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Forward-Looking Statements

This presentation contains forward-looking statements, which involve risks and uncertainties, including those referred to in the Company's annual report to shareholders for 2003 and in filings with the U.S. Securities and Exchange Commission and Canadian provincial securities commissions. A number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, fluctuation in supply and demand in fertilizer, sulfur and petrochemical markets; changes in competitive pressures, including pricing pressures; risks associated with natural gas and other hedging activities; changes in capital markets; changes in currency and exchange rates; unexpected geological or environmental conditions and government policy changes.



The Potash Outlook

- ▶ Global Fundamentals
- ▶ Global Potash
- ▶ US Fundamentals
- ▶ US Potash



The Potash Outlook

► Global Fundamentals



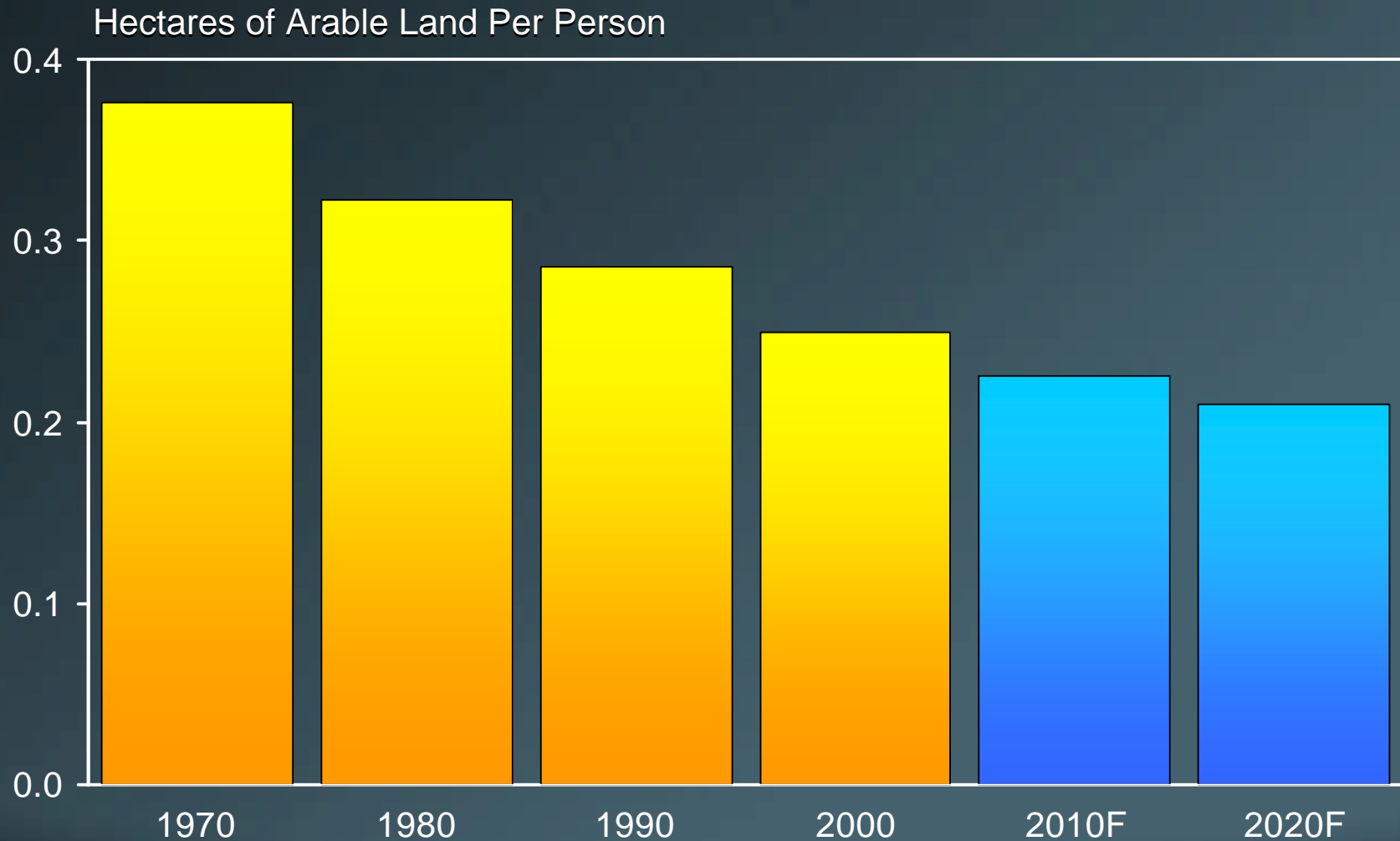
N, P & K Outlook

Good Fundamentals

- ▶ Declining land per capita
- ▶ Strong economic growth
- ▶ Tight global grain supply/demand balance
- ▶ China having a strong impact on demand for grains, oilseeds and ocean freight
- ▶ Recent commodity price growth



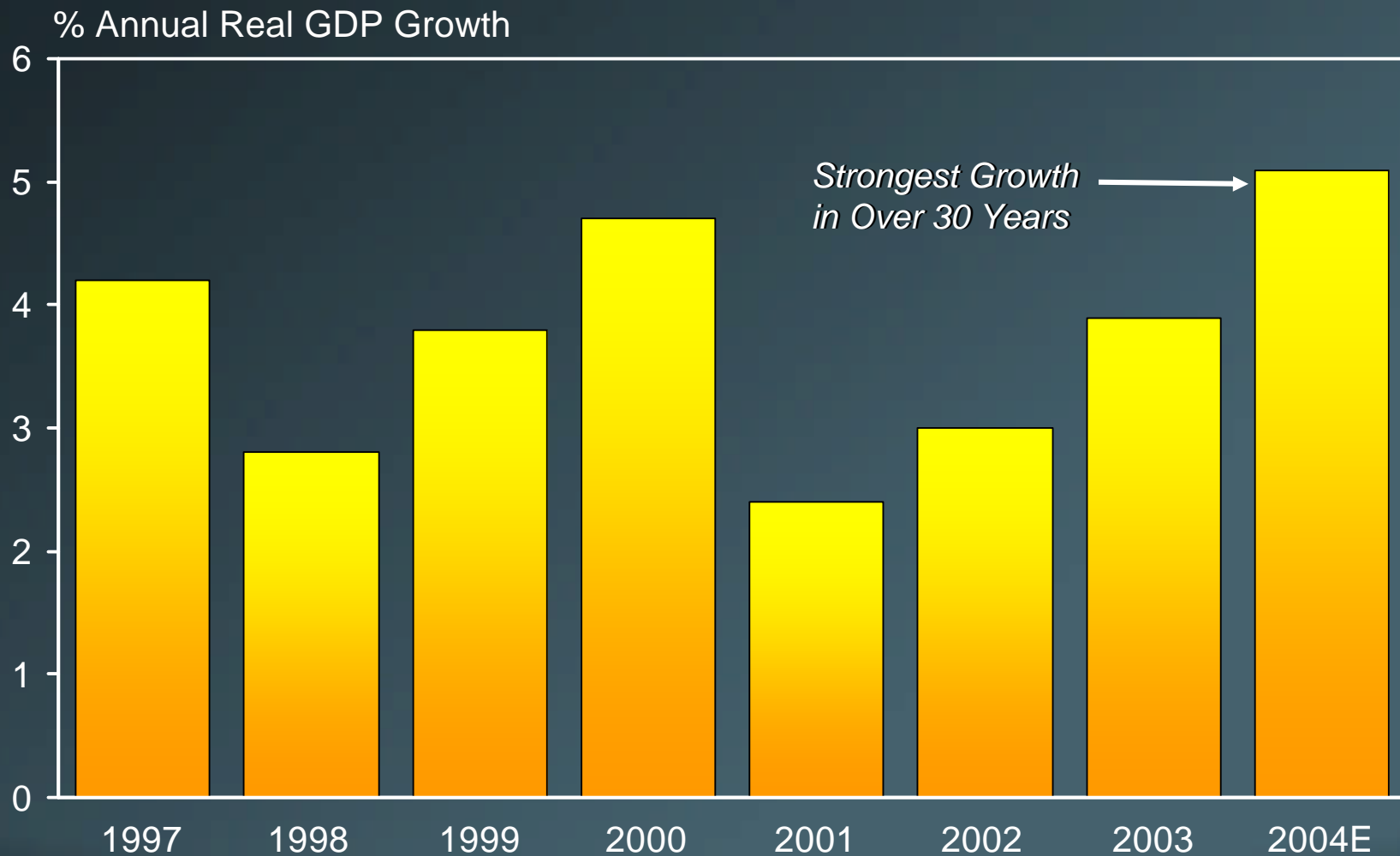
Land Available to Agriculture is Declining



Source: FAO, PPI, PotashCorp



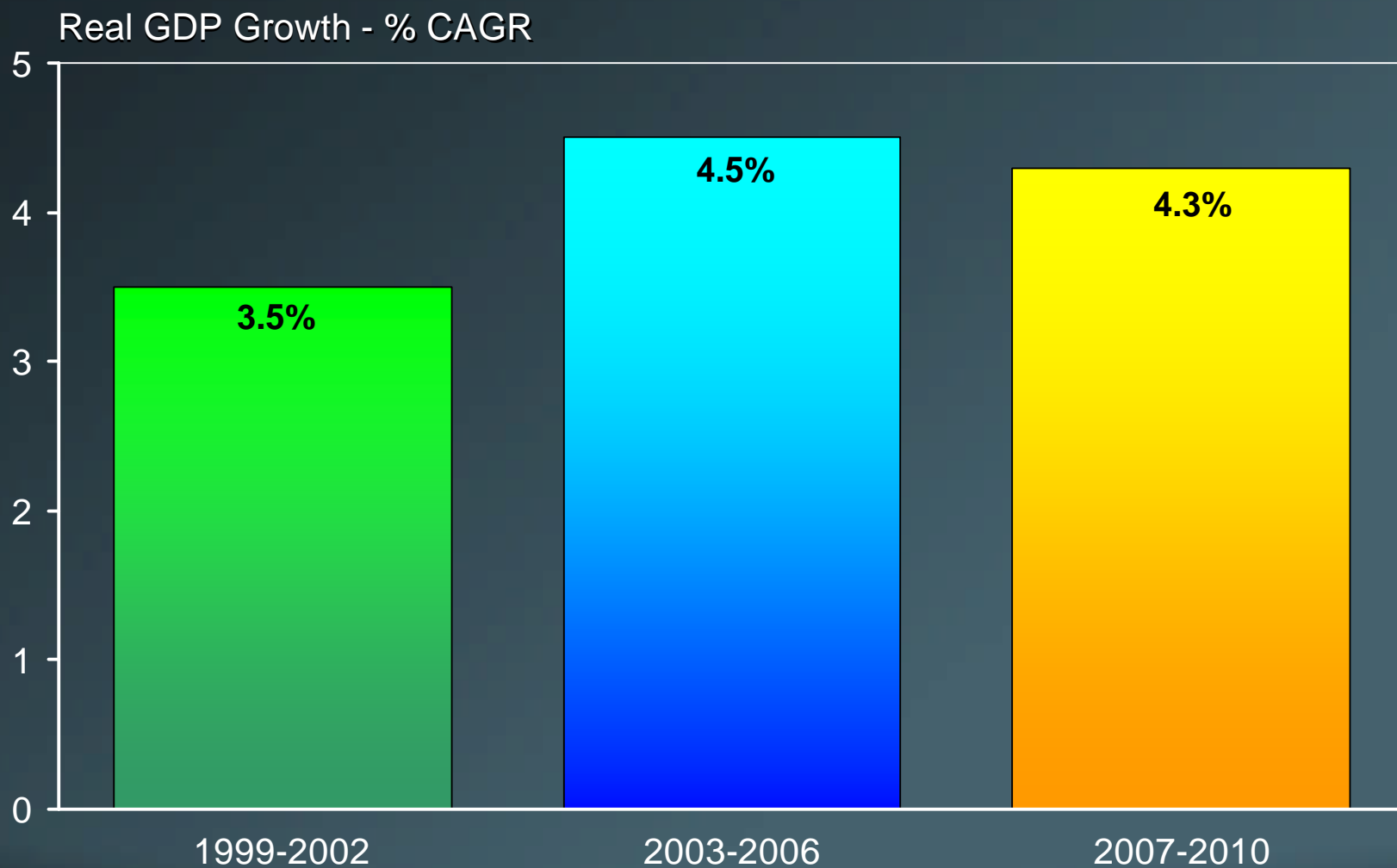
World Economic Growth



Source: IMF



World Economic Growth

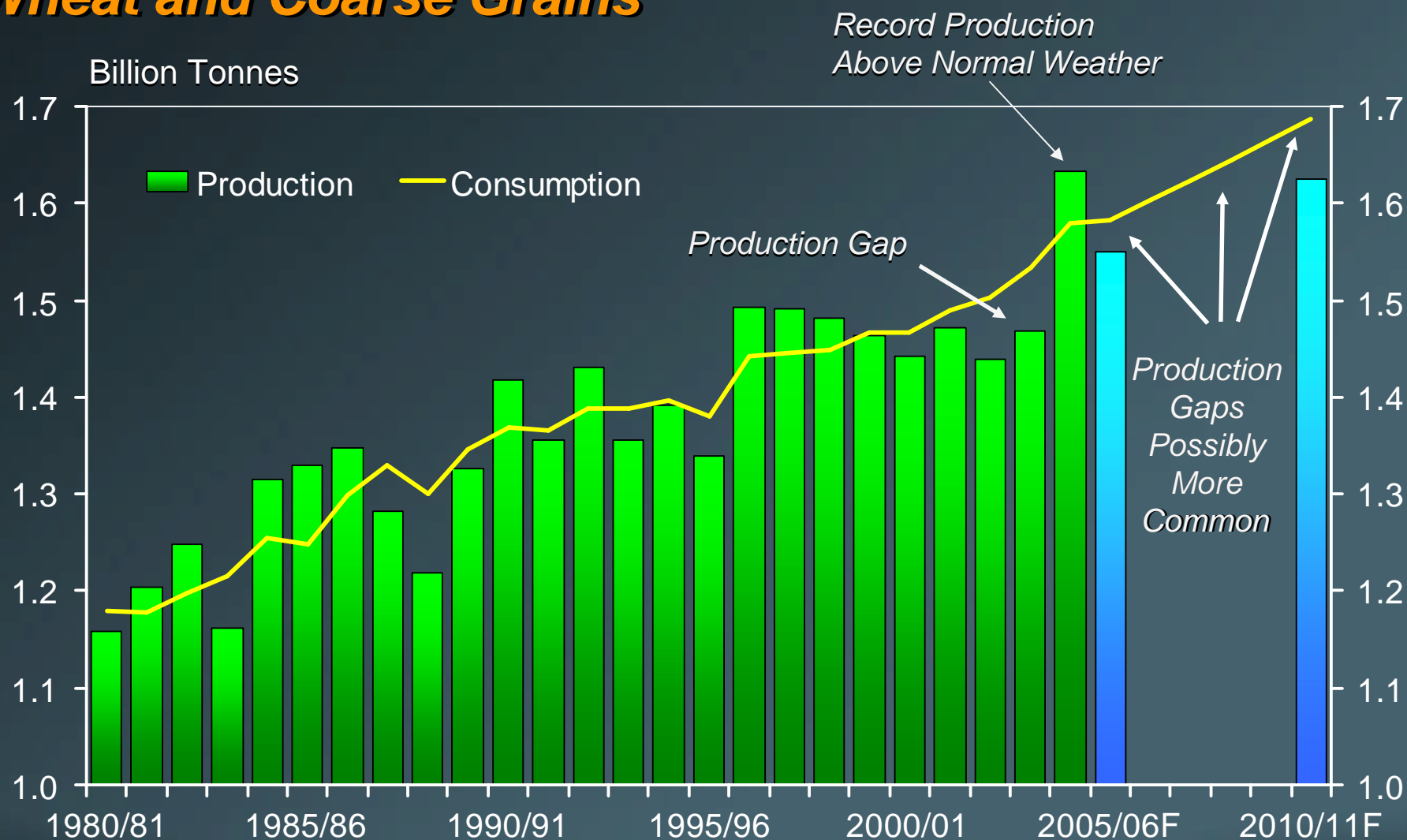


Source: IMF



World Grain Production & Consumption

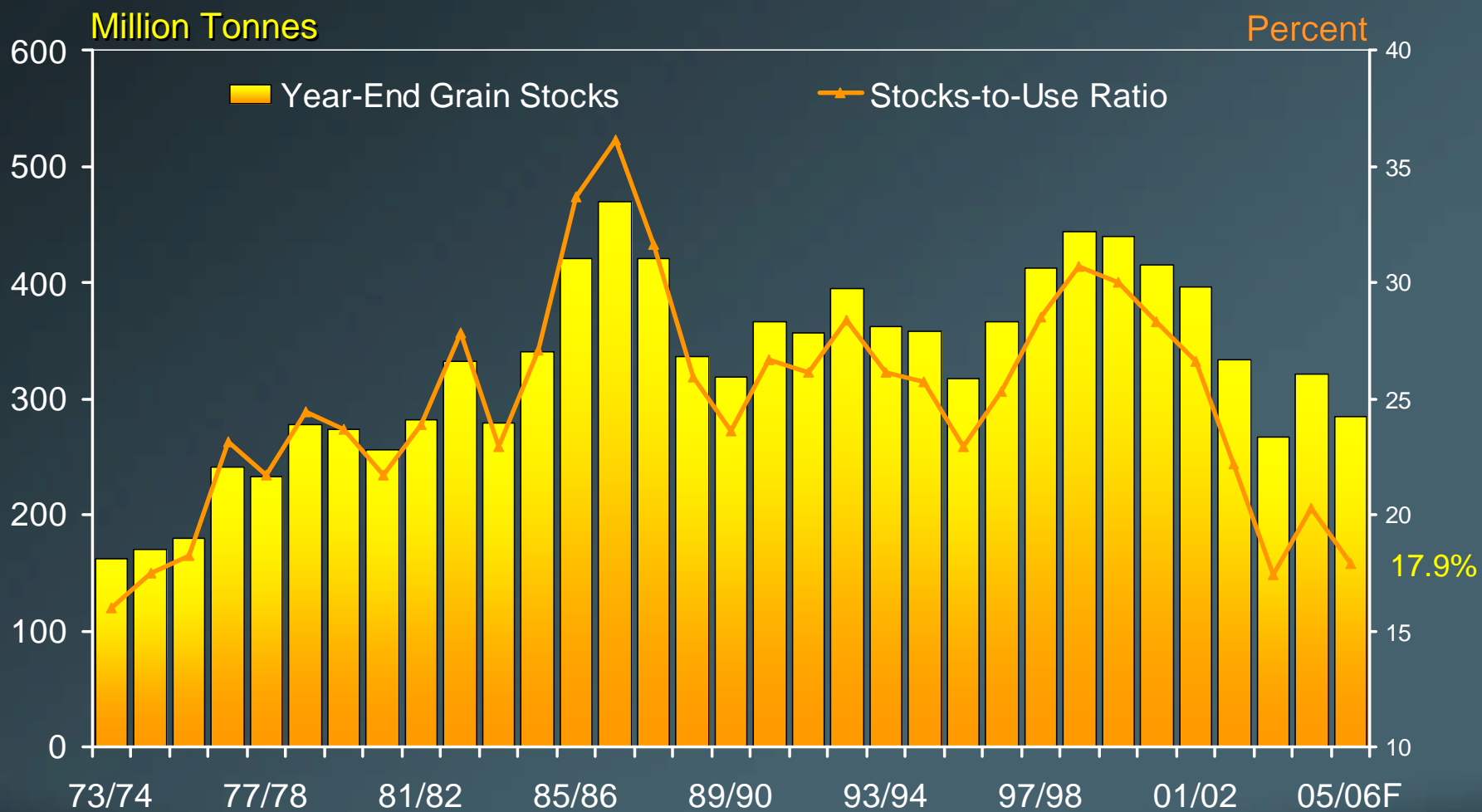
Wheat and Coarse Grains



Source: USDA, PotashCorp

World Grain Stocks

Wheat and Coarse Grains

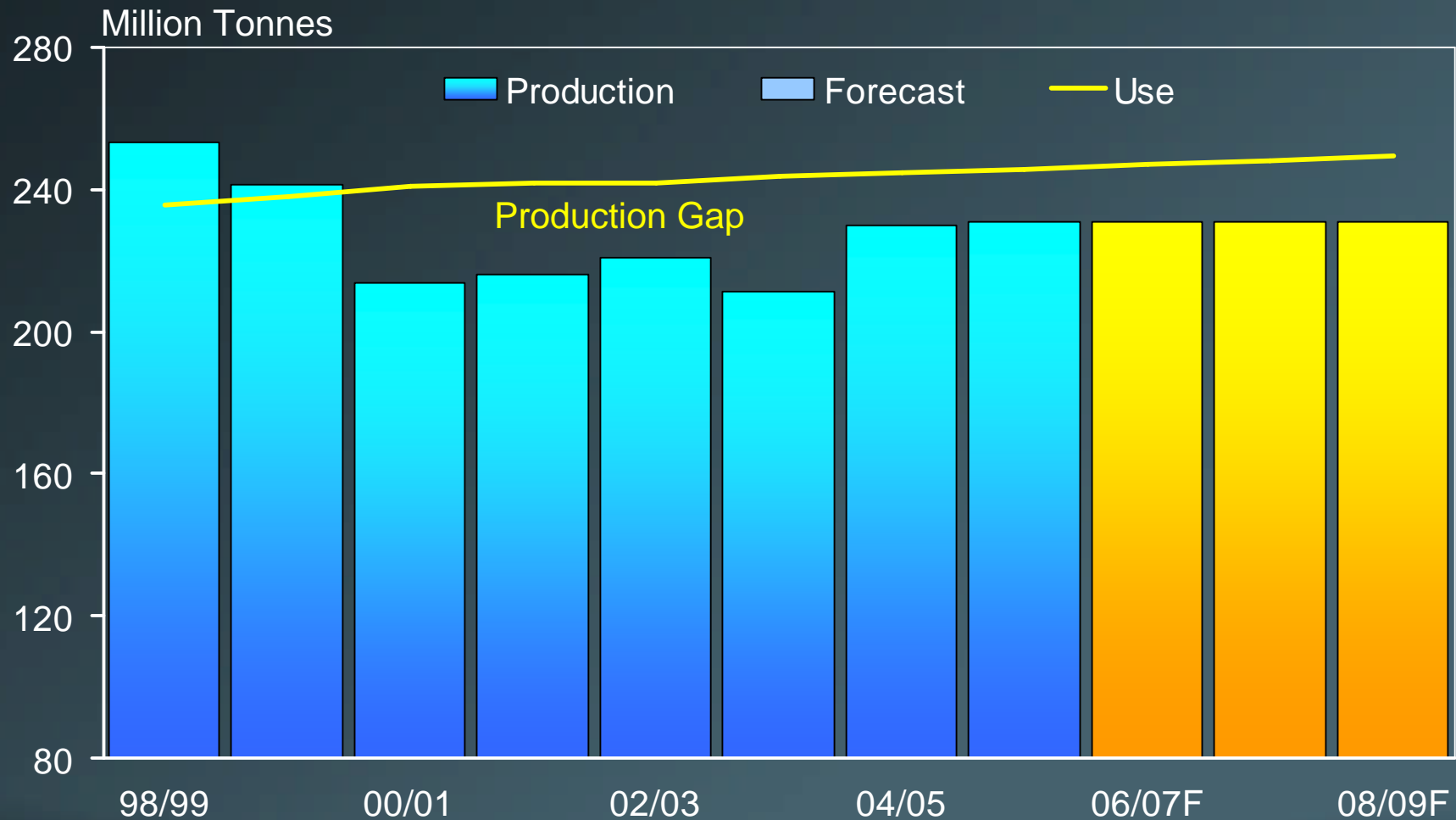


Source: USDA



China's Grain Production & Consumption

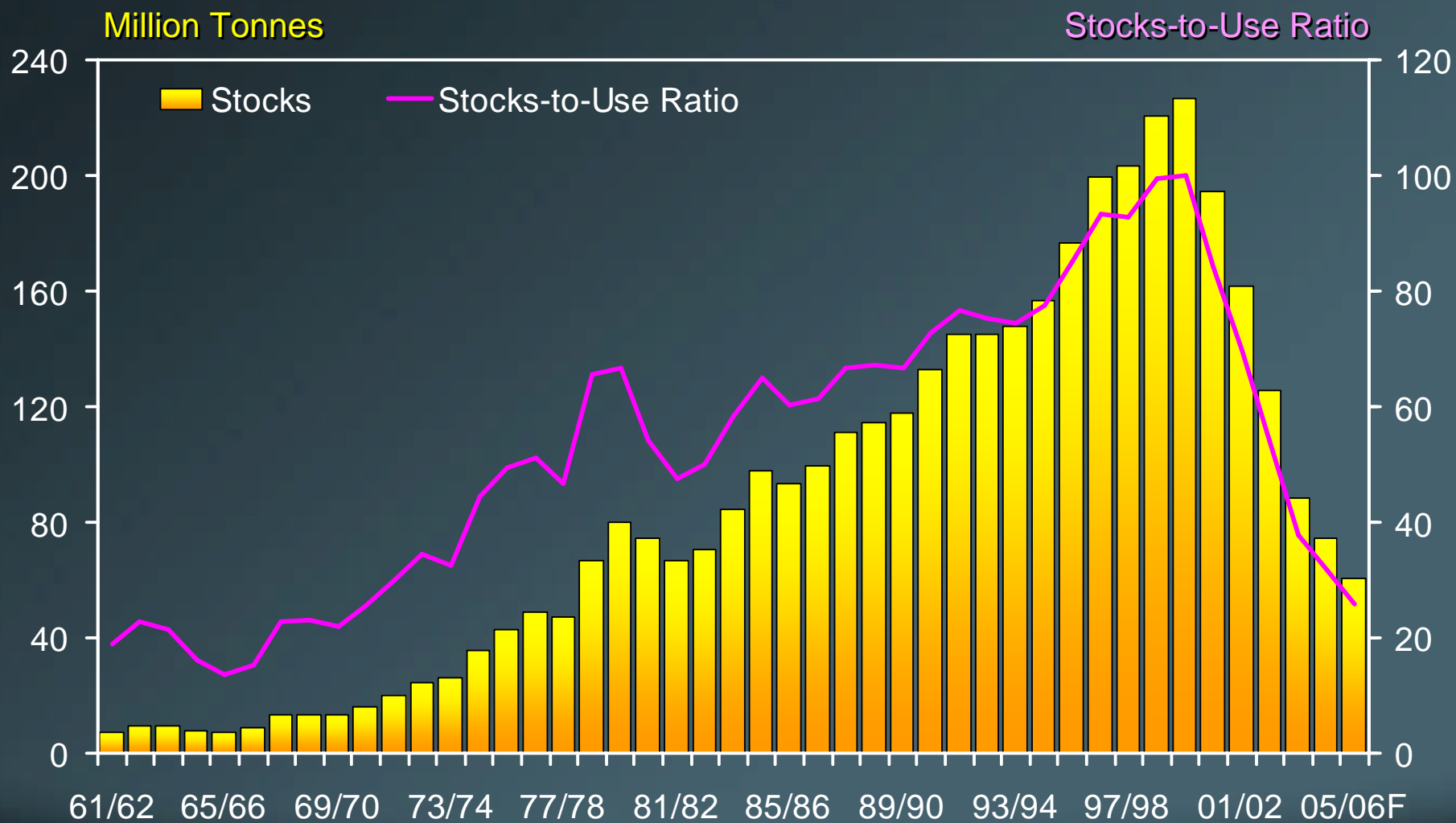
Wheat and Coarse Grains



Source: USDA, PotashCorp



China's Grain Ending Stocks*

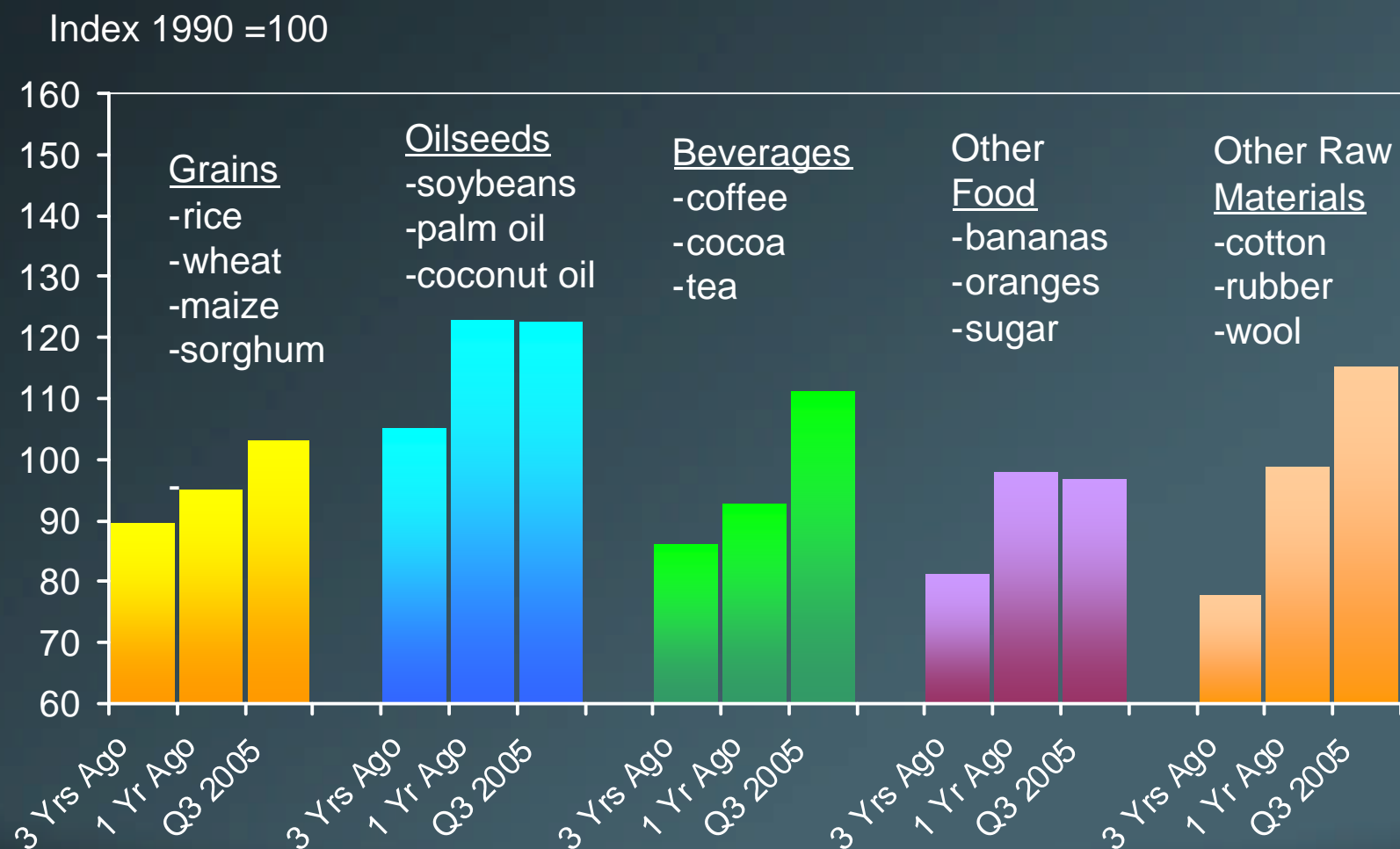


Source: USDA

* Wheat and corn



Agricultural Commodity Prices



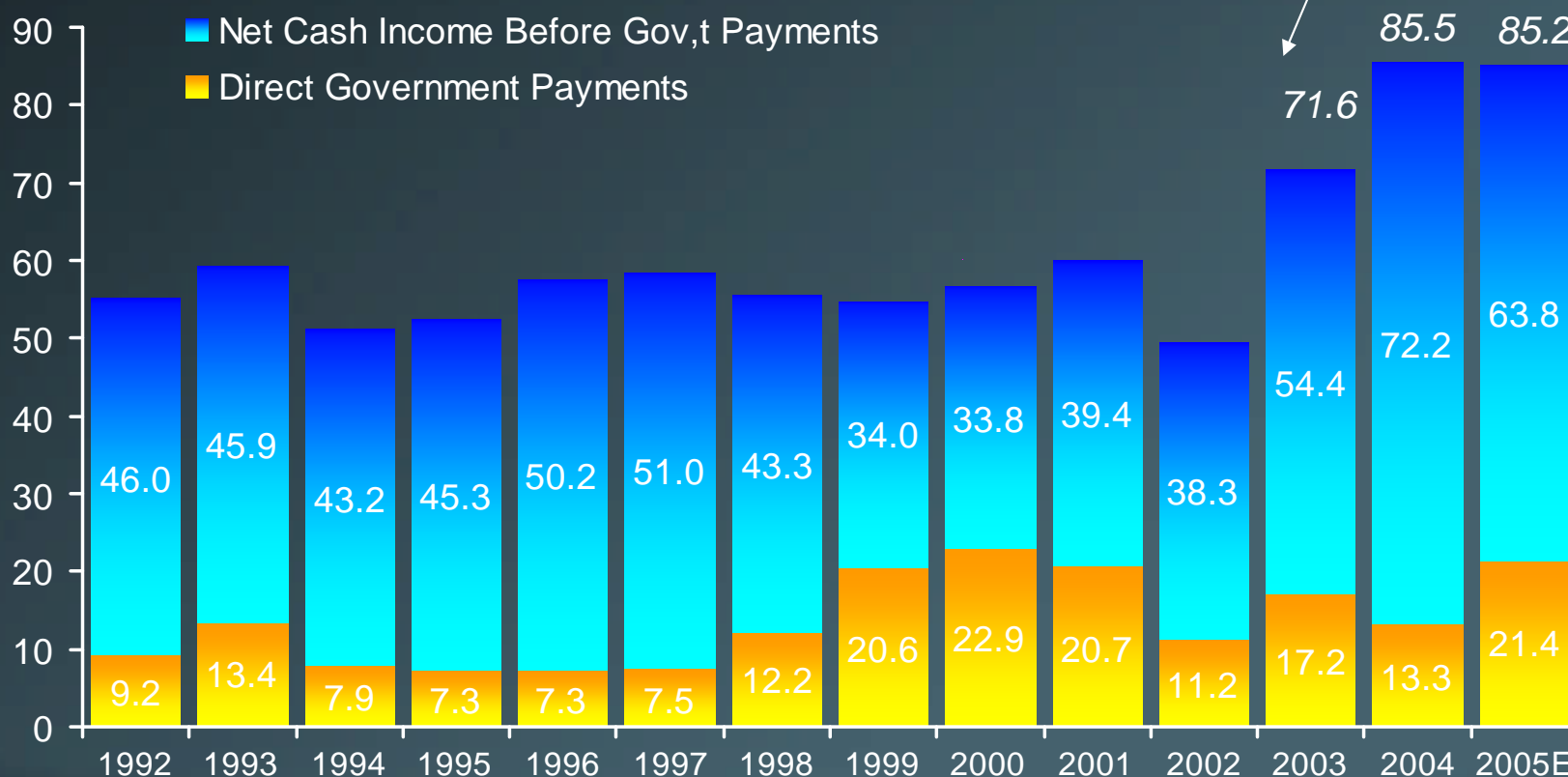
Source: World Bank



US Net Cash Farm Income

US farmers are beginning to feel the pinch of rising costs but have enjoyed record net cash farm income over the past few years and 2005 should be another record or near record year.

US \$Billions



Source: USDA August 2005

The Potash Outlook

- ▶ Global Fundamentals
- ▶ Global Potash Outlook



N, P & K Outlook

Potash – Key Points

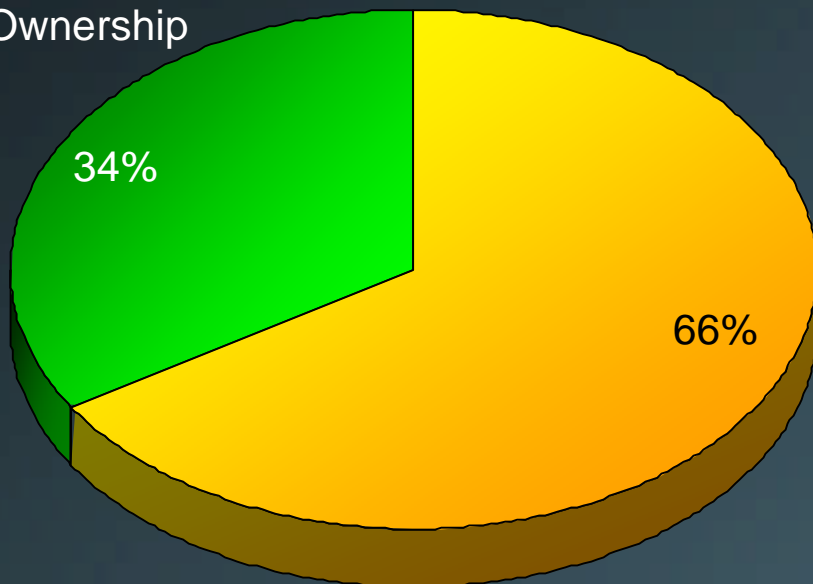
- ▶ Industry government ownership
- ▶ The global players
- ▶ Global potash demand growth
- ▶ Regional potash demand growth
- ▶ Global potash production growth – FSU & China
- ▶ World supply/demand balance



Industry Structure - Ownership Type

1980

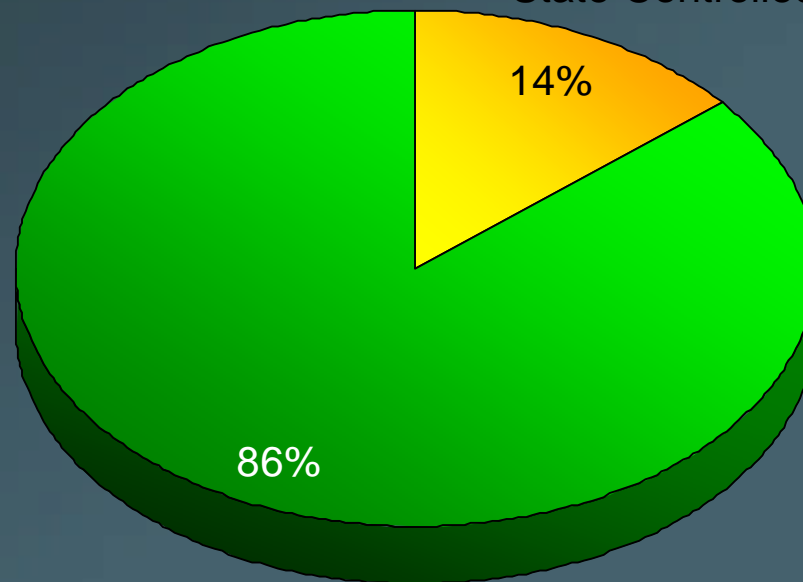
Non-Government
Ownership



Government Ownership

2005

State-Controlled

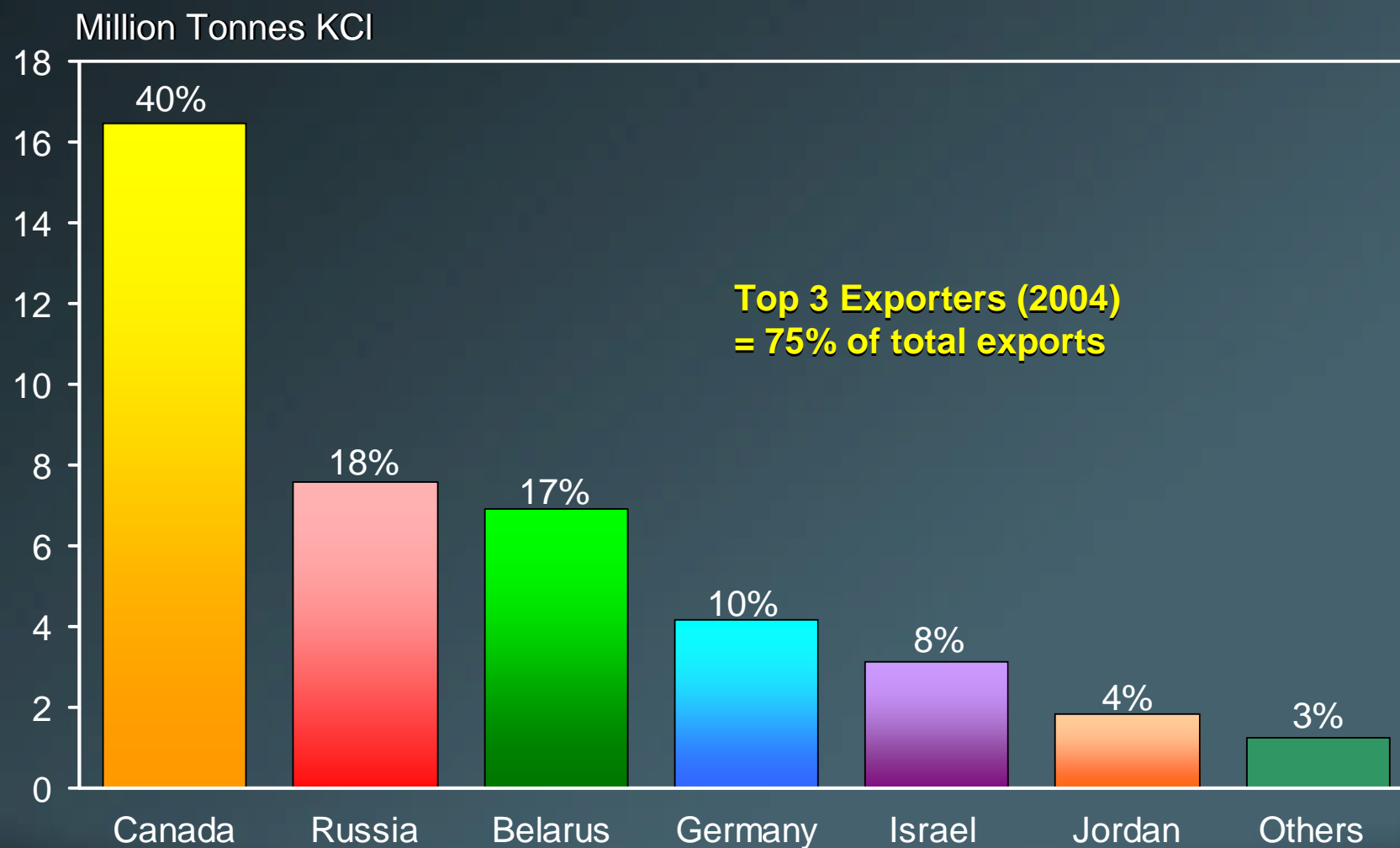


Publicly Traded or
Jointly Held Stock Companies



World Potash Exporters - 2004

By Country

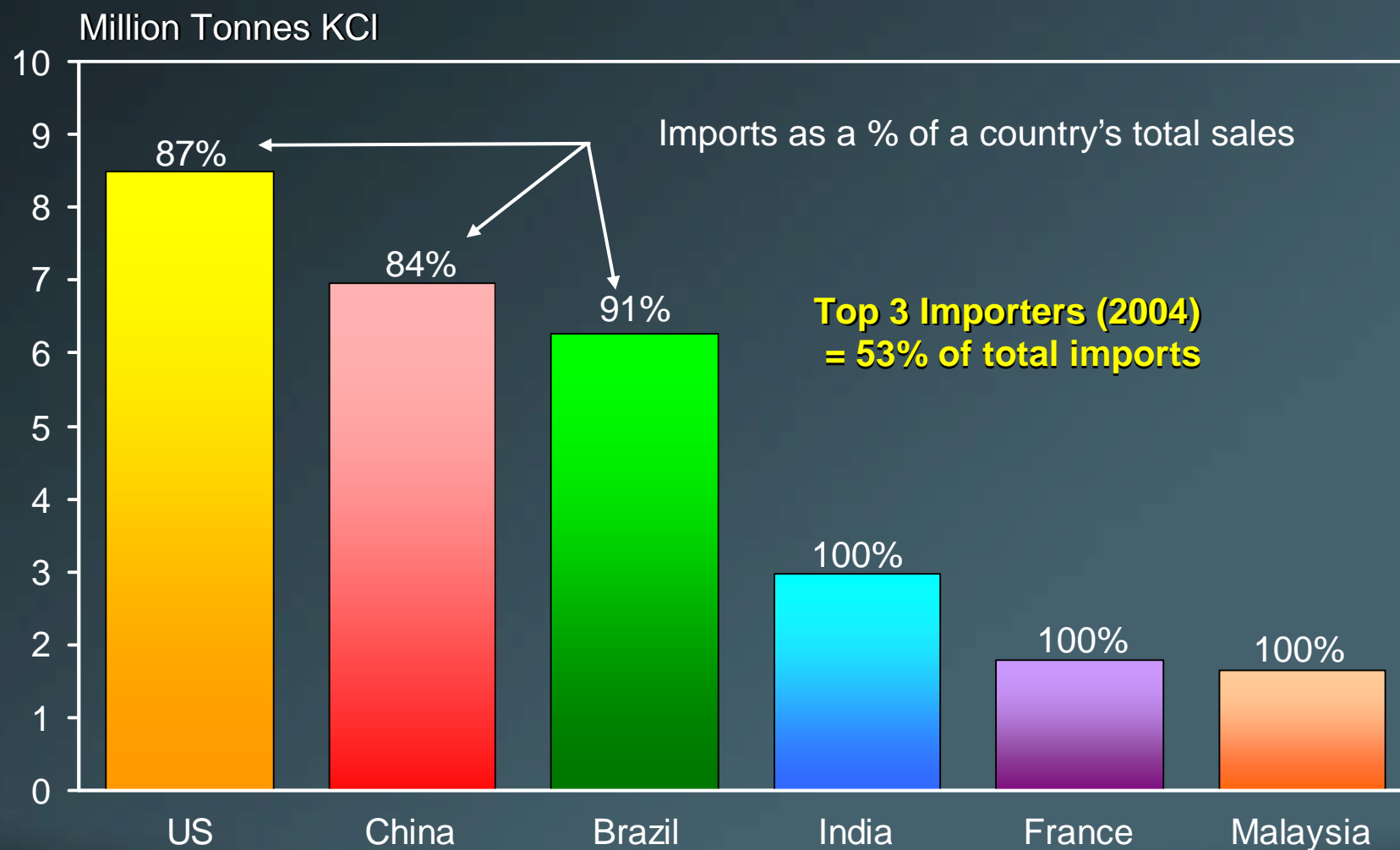


Source: Fertecon

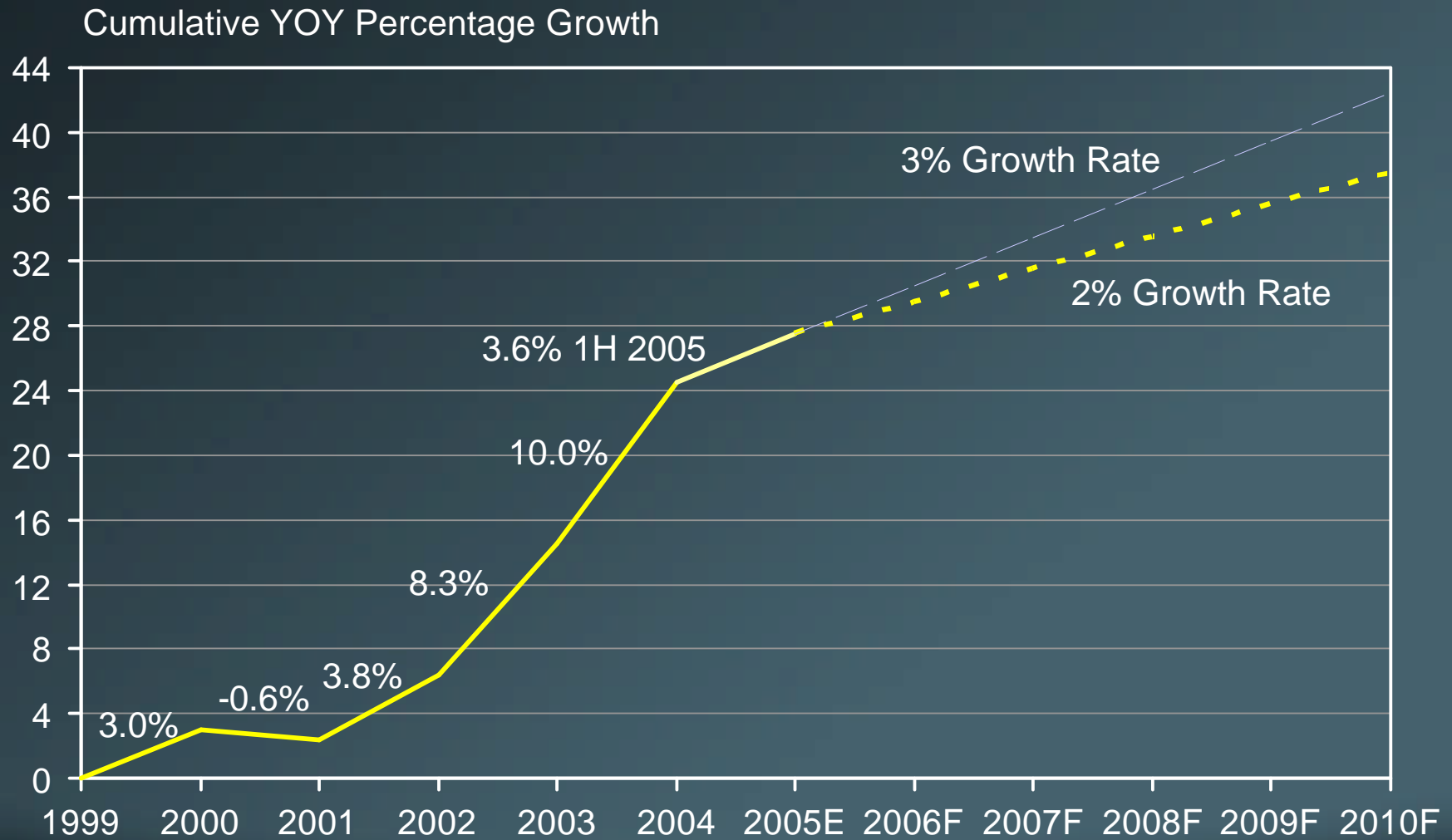


World Potash Importers - 2004

By Country



World Potash Demand Growth

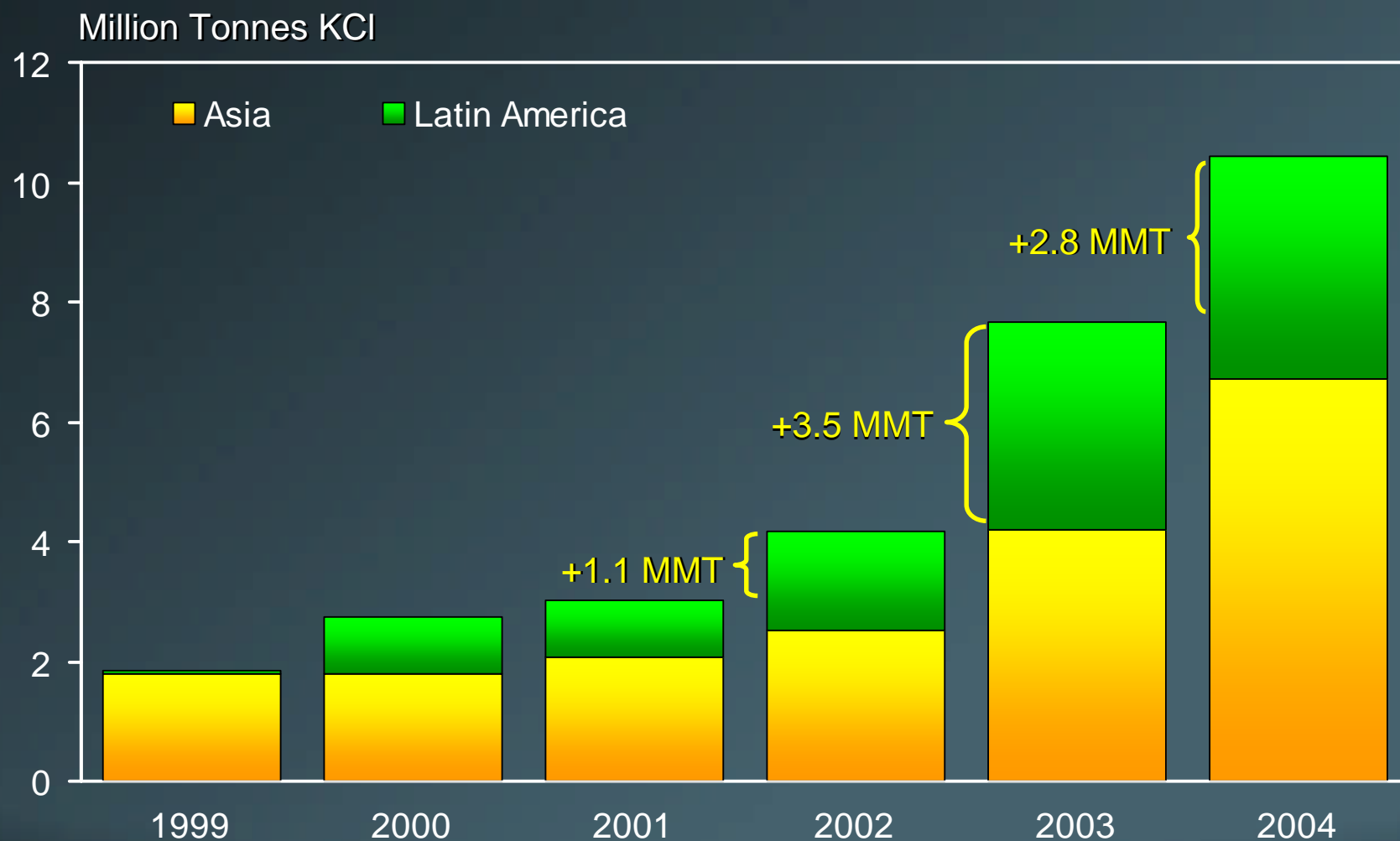


Source: IFA, PotashCorp



Asia and Latin America Potash Demand

Cumulative Growth

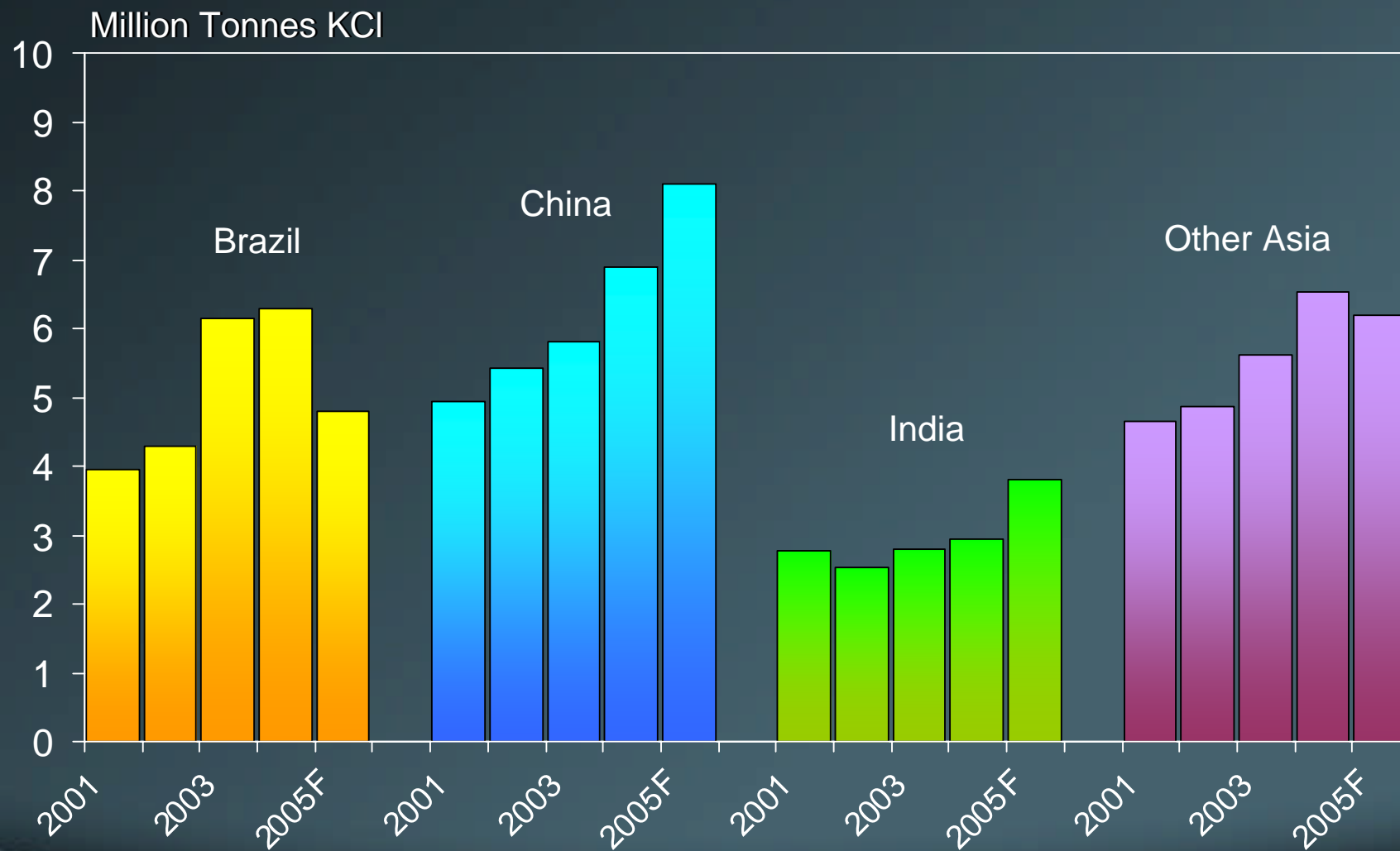


Source: Fertecon



Potash Imports for Selected Countries

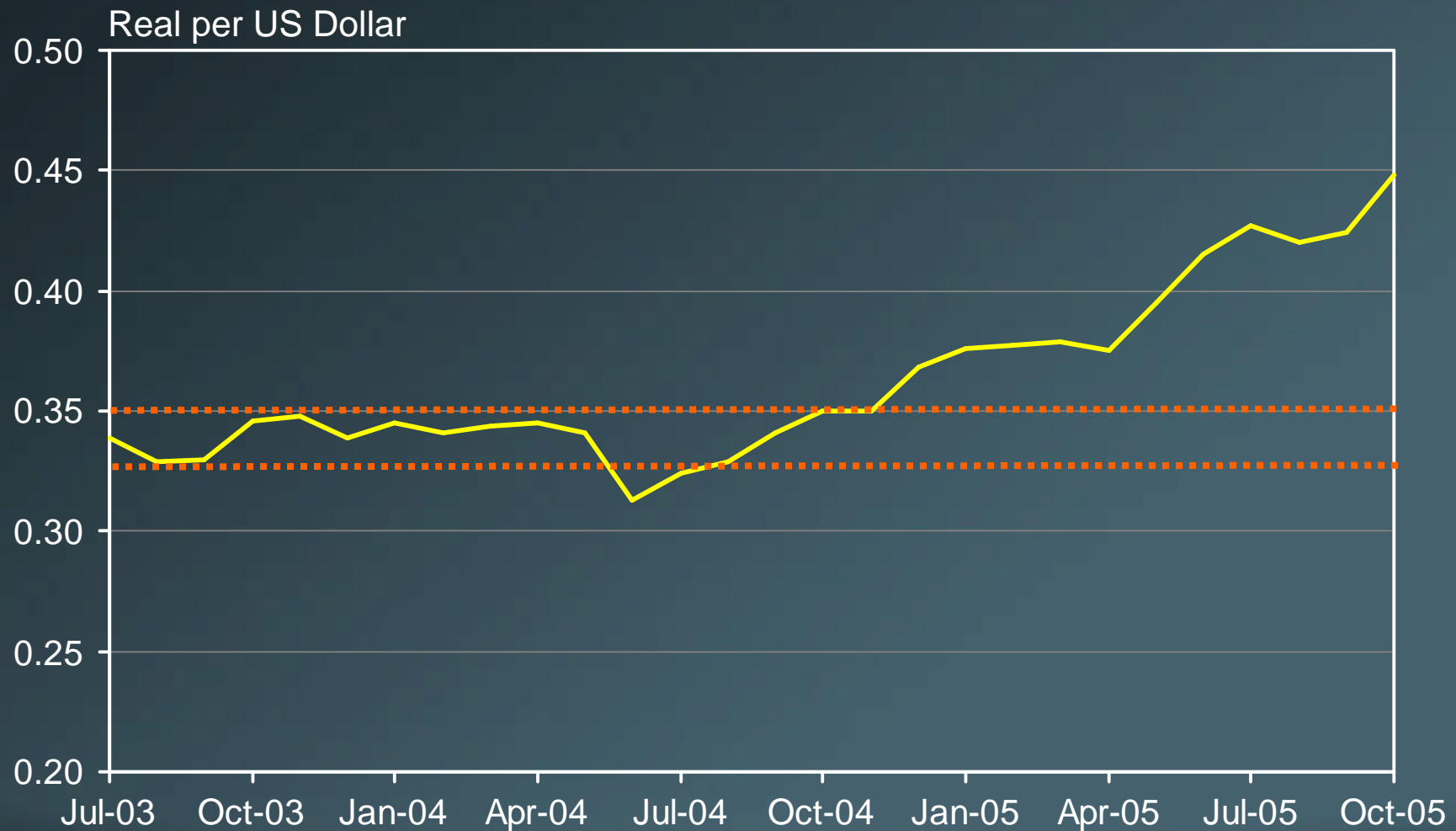
2005E



Source: Fertecon, PotashCorp



Brazilian Real per US Dollar



Source: Oanda.com

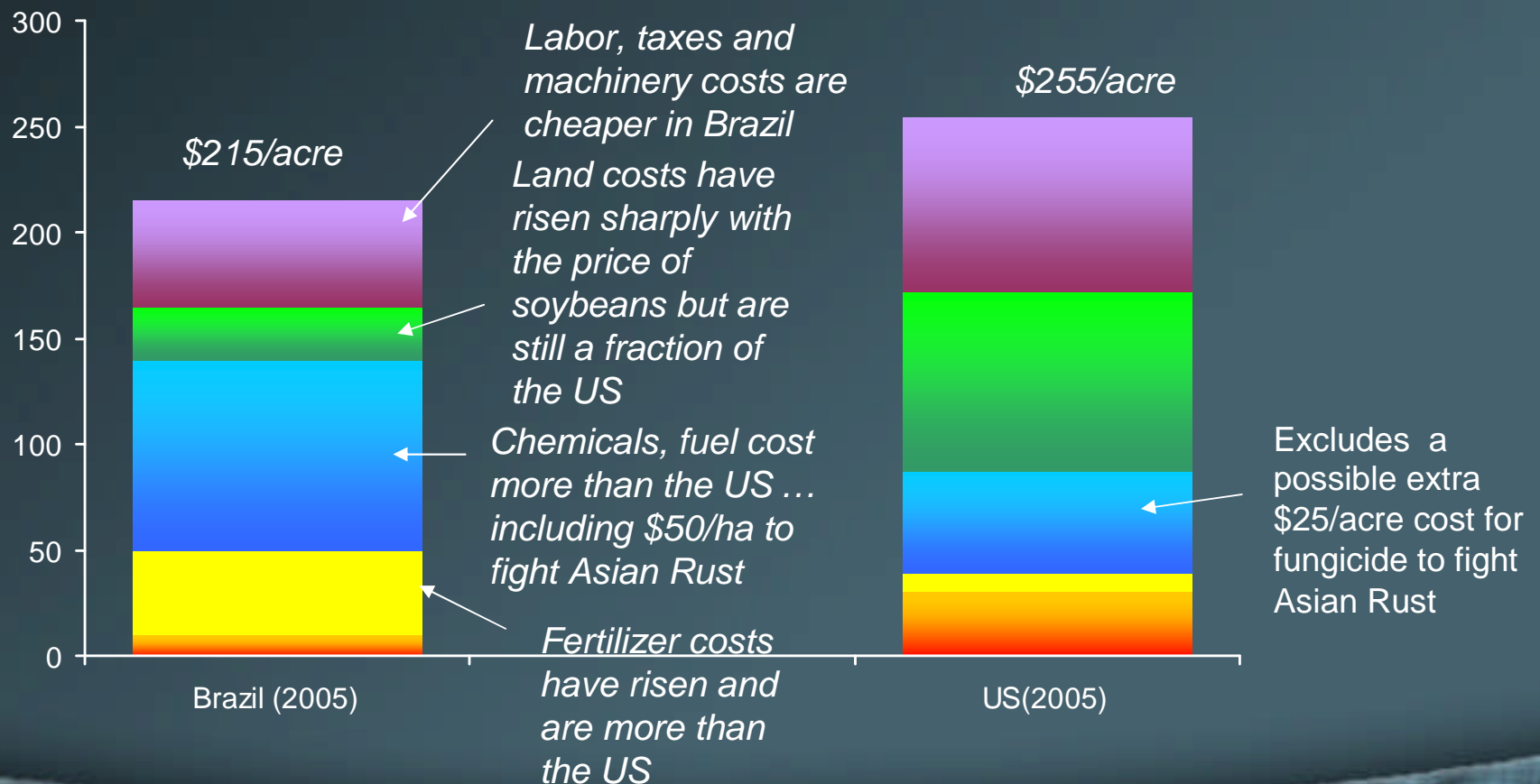
Exchange rates are those in effect on the first day of the month



Cost of Producing Soybeans in Brazil and US

US\$/Acre

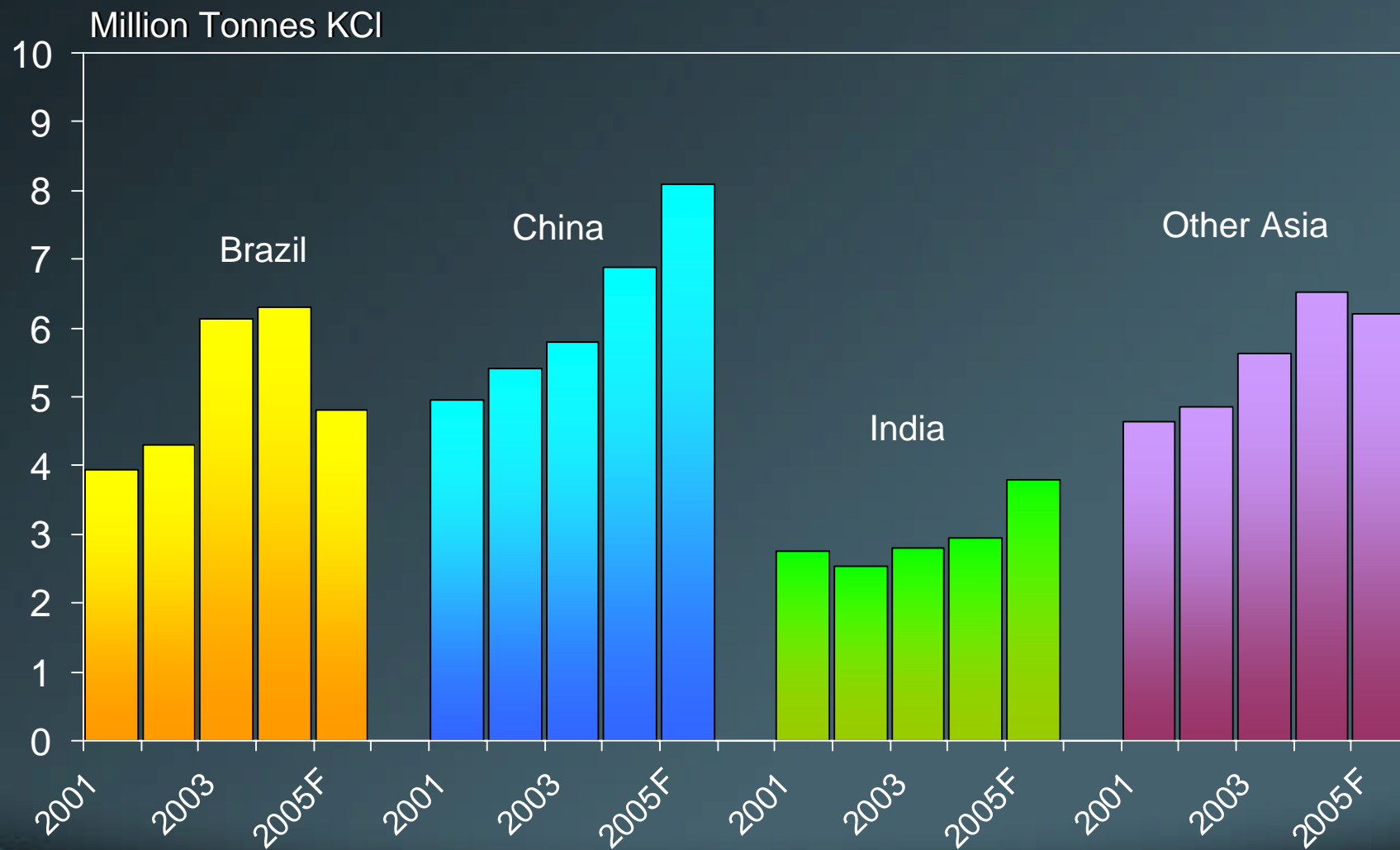
Seed Fertilizer Costs Other Variable Land Costs Depn&Other Fixed Costs



Source: USDA, Doane, PotashCorp

Potash Imports for Selected Countries

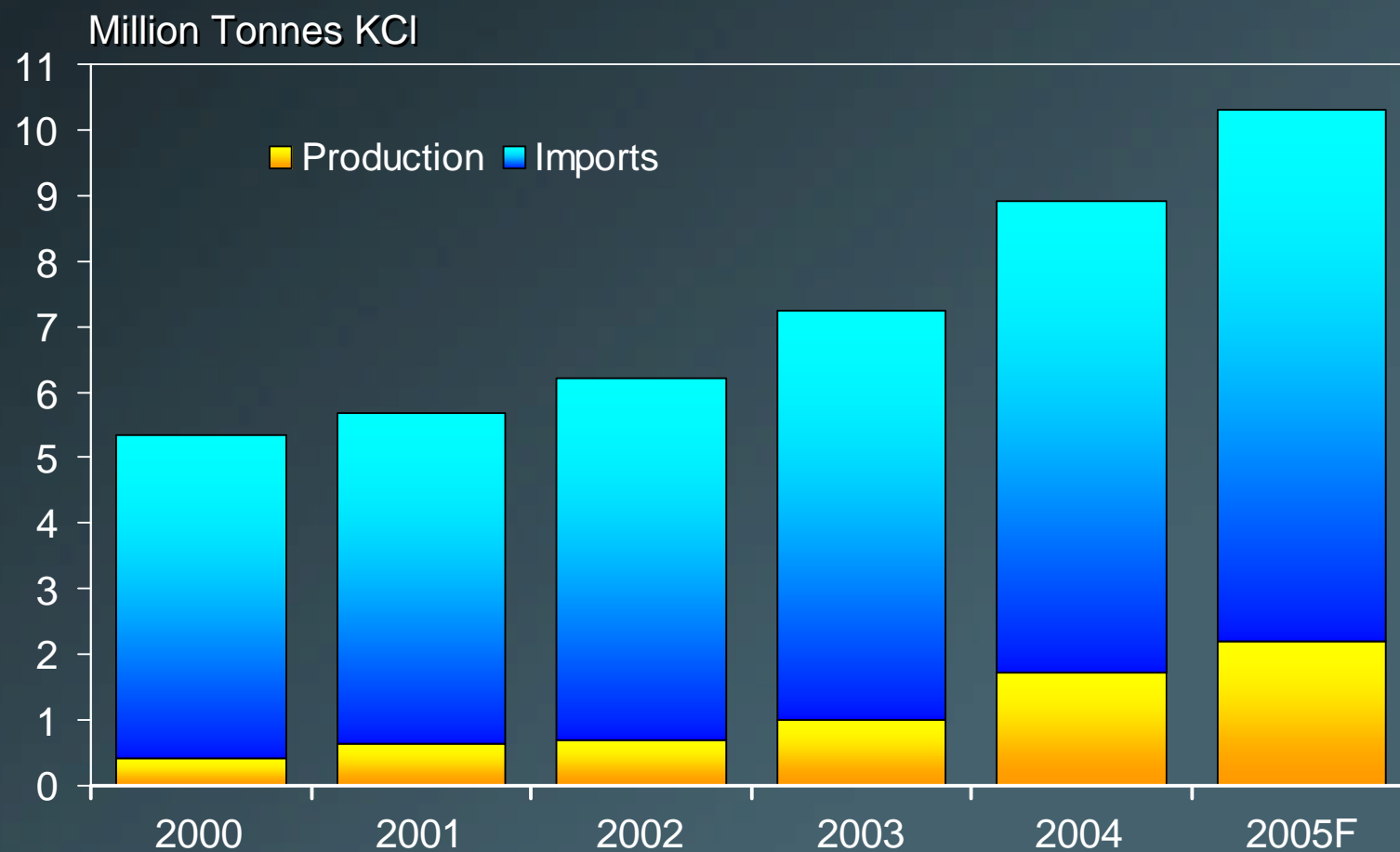
2005E



Source: Fertecon, PotashCorp



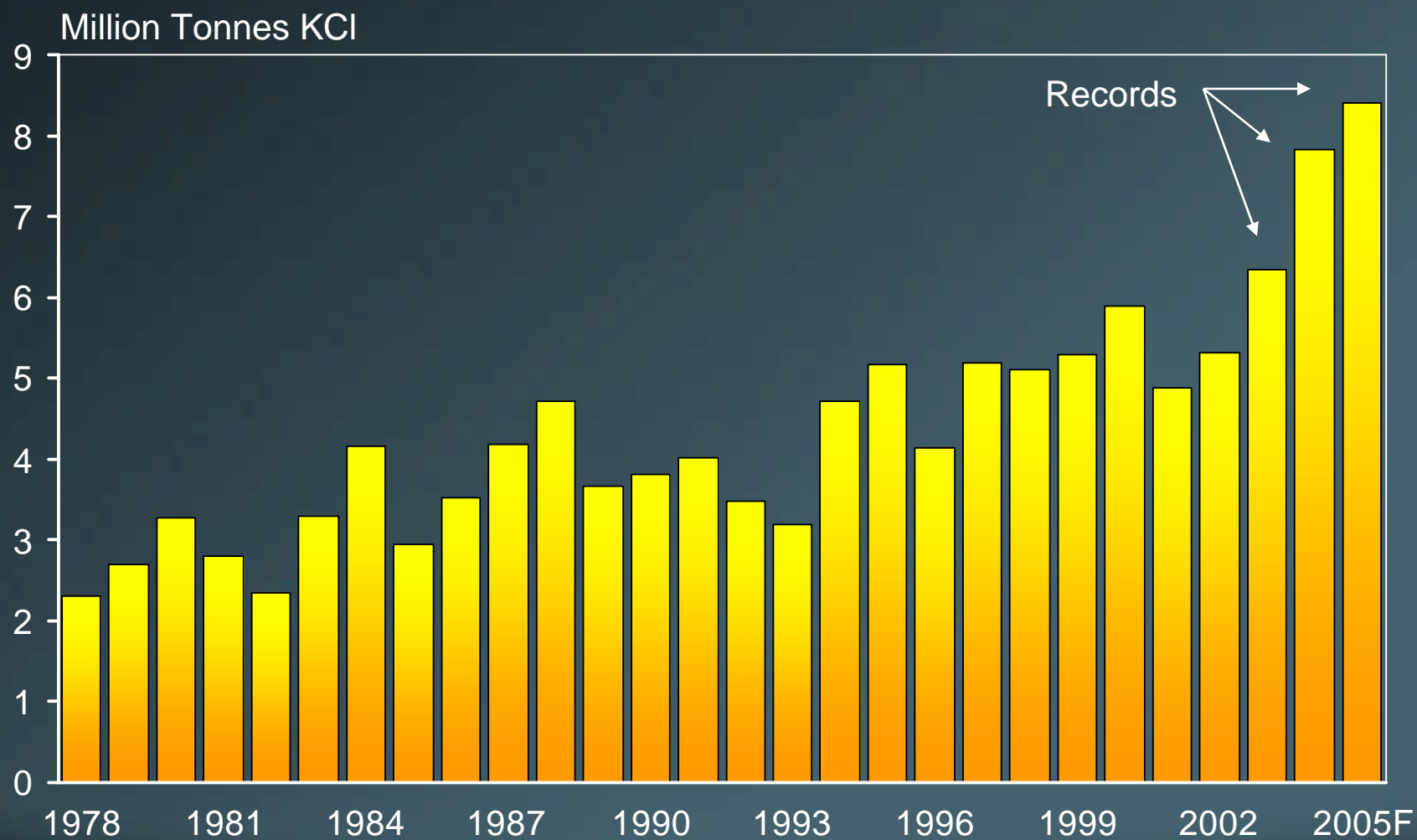
China's Potash Demand Growth



Source: Fertecon, PotashCorp



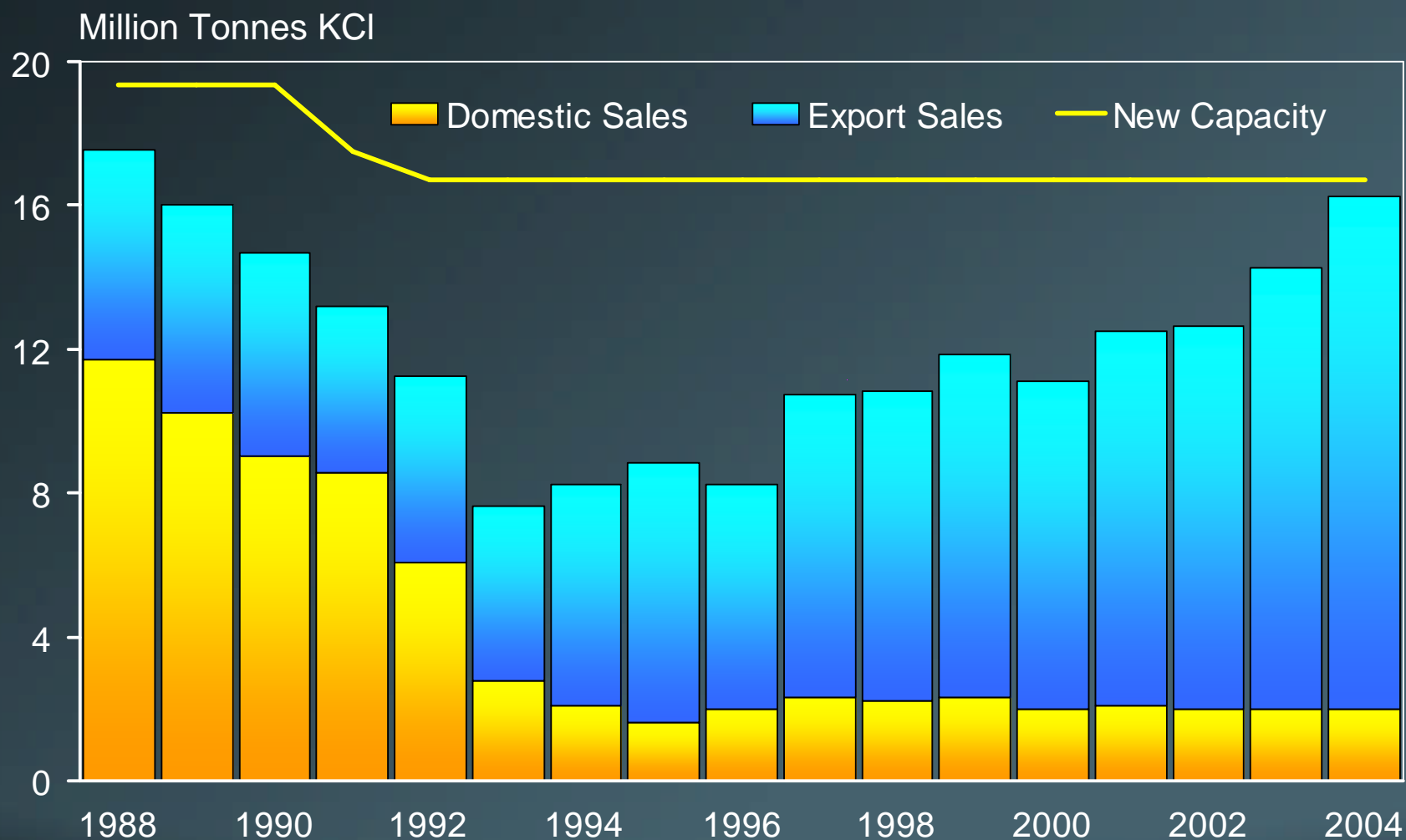
Canpotex's Sales Volume



Source: Canpotex



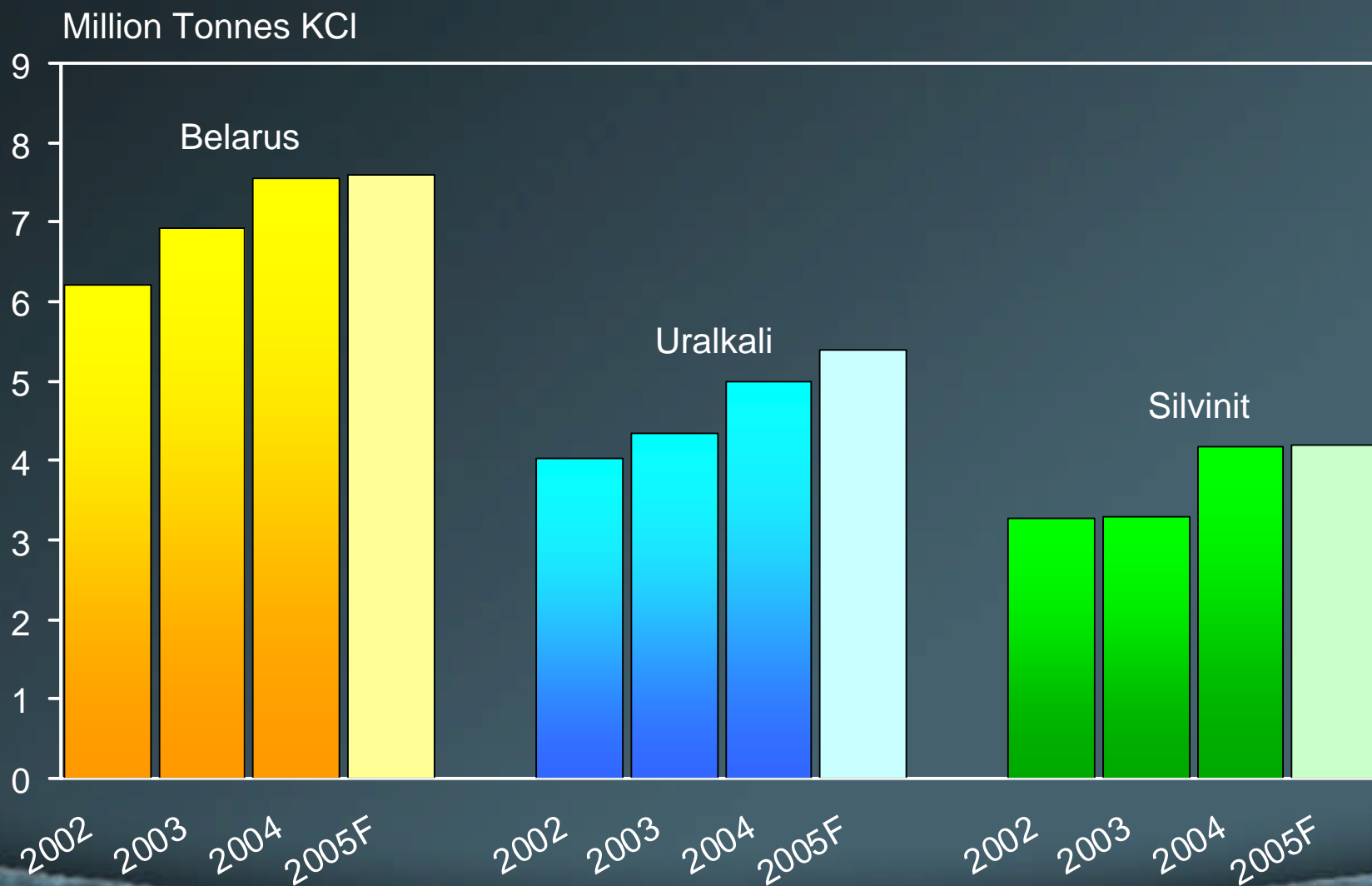
FSU Potash Sales and Capacity



Source: Fertecon, PotashCorp



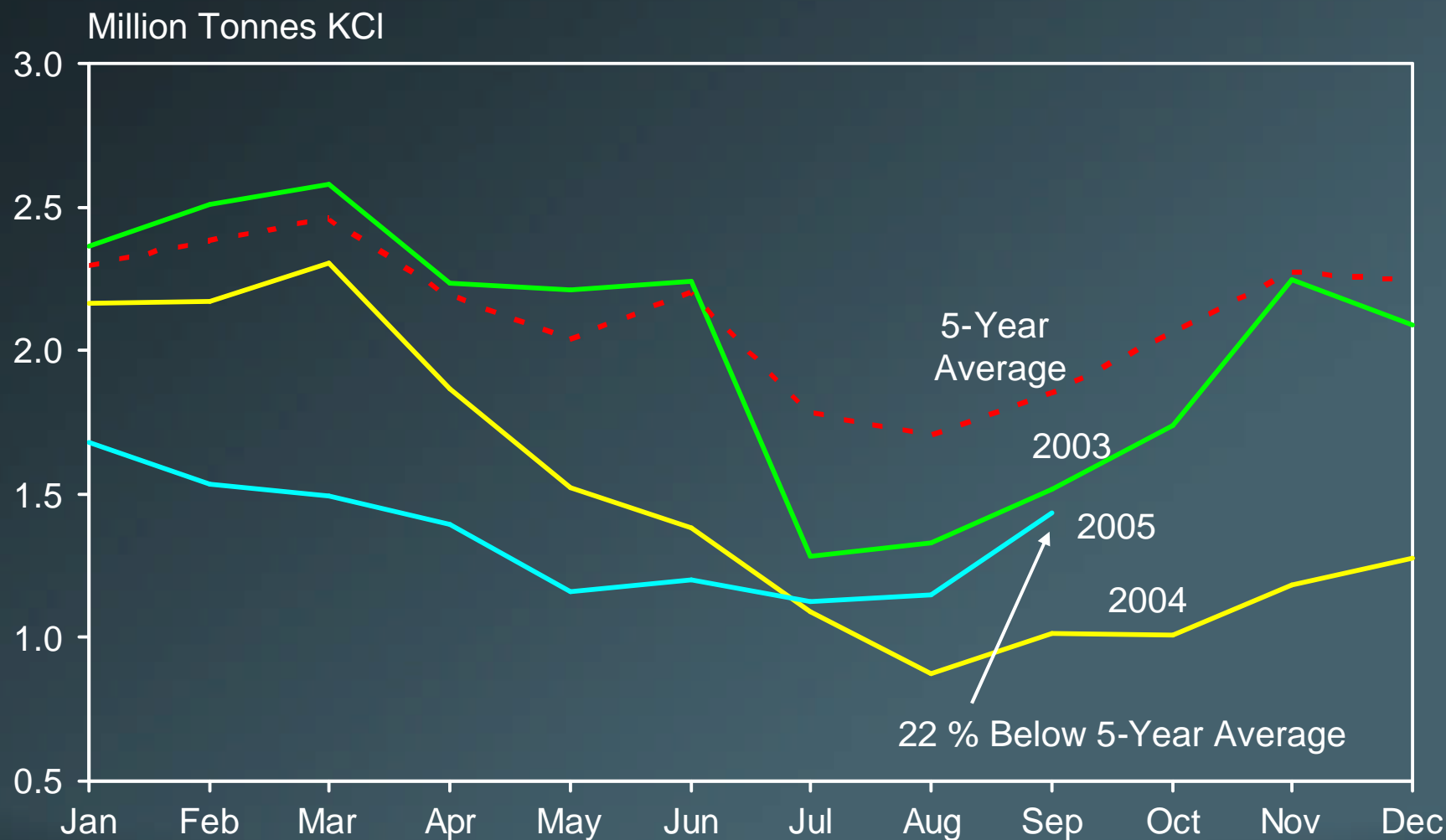
FSU KCl Production



Source: Fertecon, IFA, PotashCorp



North American Producers' Ending KCl Inventory

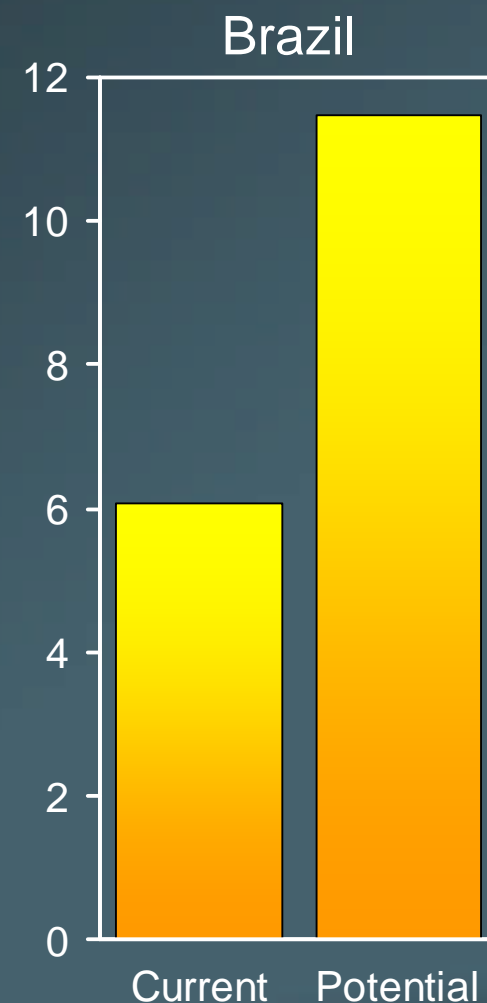
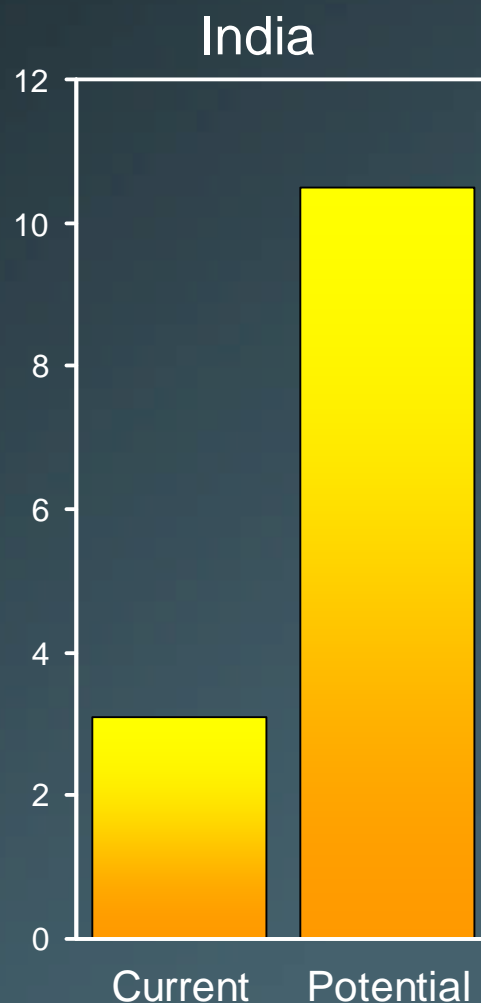
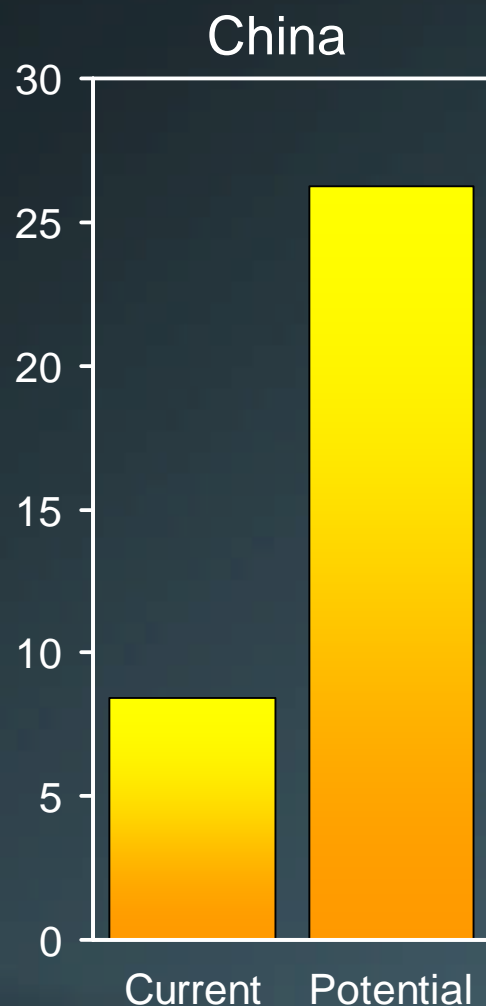


Source: PPI



Selected Nations' Potential Potash Growth

Million Tonnes KCl

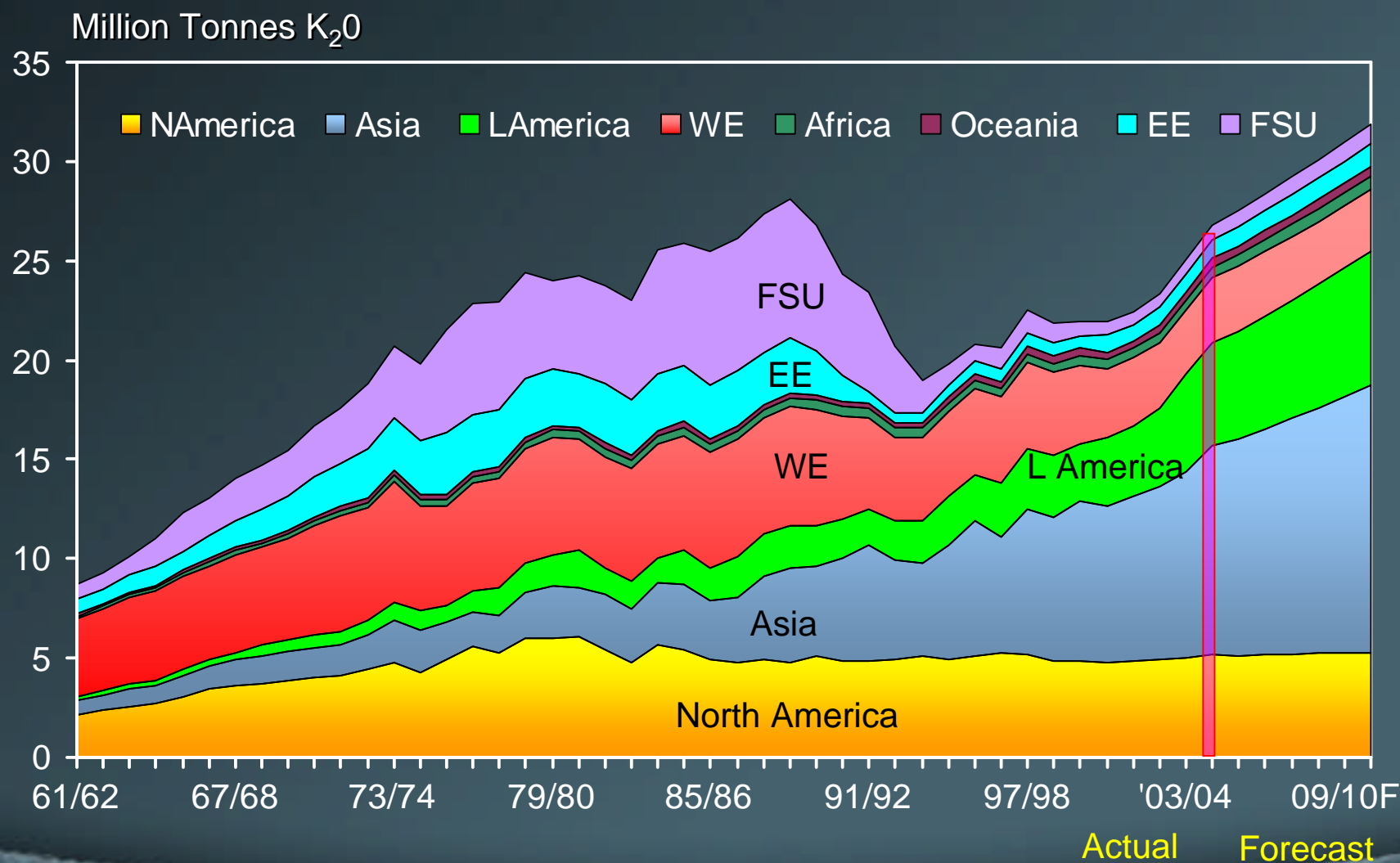


Source: Fertecon, ANDA, PPI-PPIC

Note: K_2O tonnes divided by .61 to convert to KCl tonnes

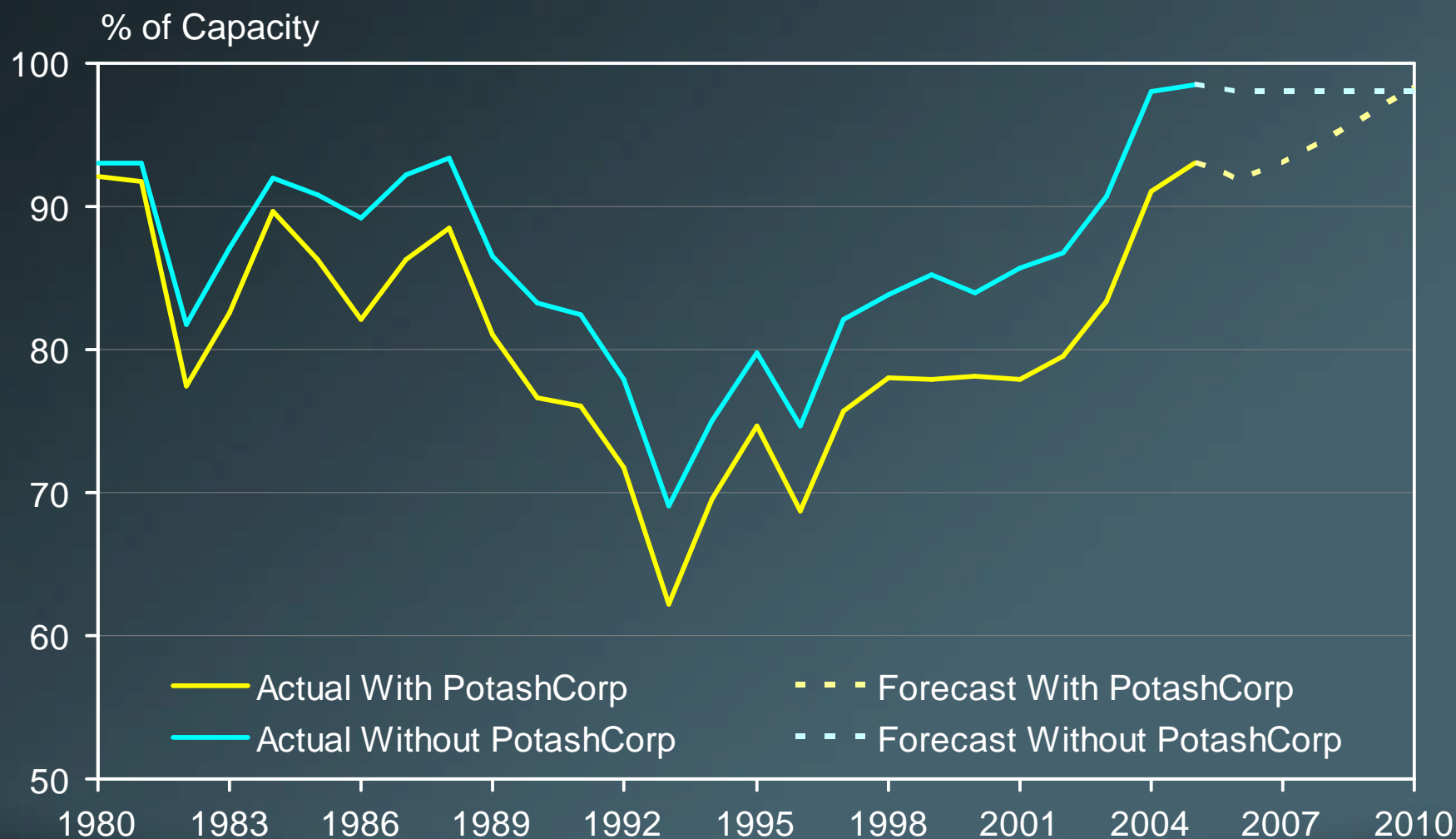


World Potash Fertilizer Consumption



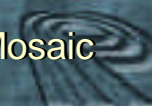
Source: FAO, Fertecon

World Potash Operating Rate (%)

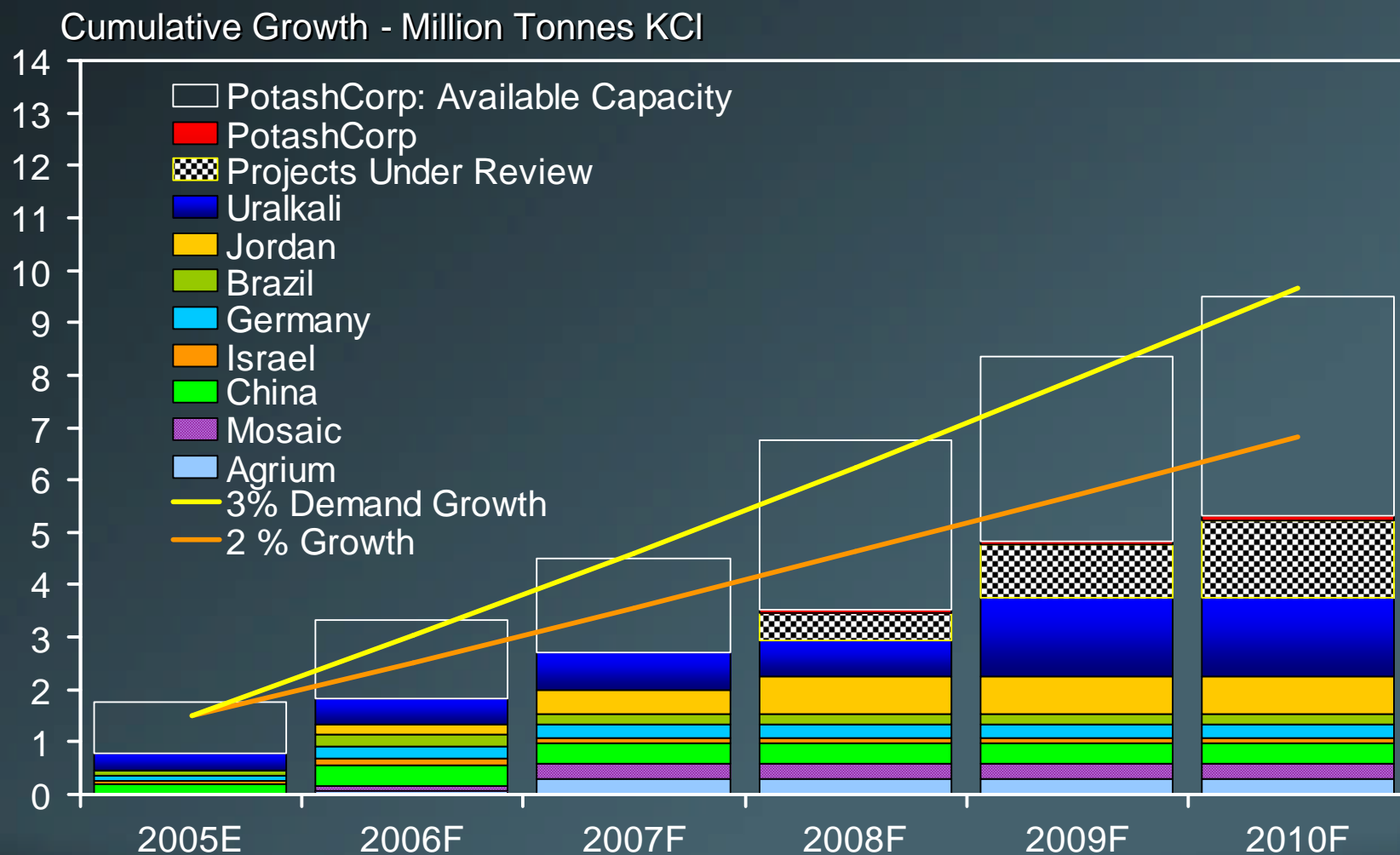


* excludes capacity additions in planning stage for Thailand, Uralkali, and Mosaic

Source: Fertecon, IFA, PotashCorp



Potash Demand Growth versus Capacity: **Assumes All Capacity Announcements Completed**



Source: Fertecon, PotashCorp



The Potash Outlook

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- ▶ Global Potash
- ▶ US Fundamentals




US Crop Acreage Forecast

Million Acres

Doane's 2006 Forecast

More wheat and soybeans ... less corn and cotton due to rising costs and the higher returns to soybeans. Also there is so far little evidence of Asian Rust.



	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>+/-</u>
Corn	78.9	78.6	80.9	81.6	79.8	-1.8
All Wheat	60.3	62.1	59.7	57.1	59.2	2.1
Soybean	74.0	73.4	75.2	72.2	74.0	1.8
Cotton	14.0	13.5	13.7	14.2	13.8	-0.4

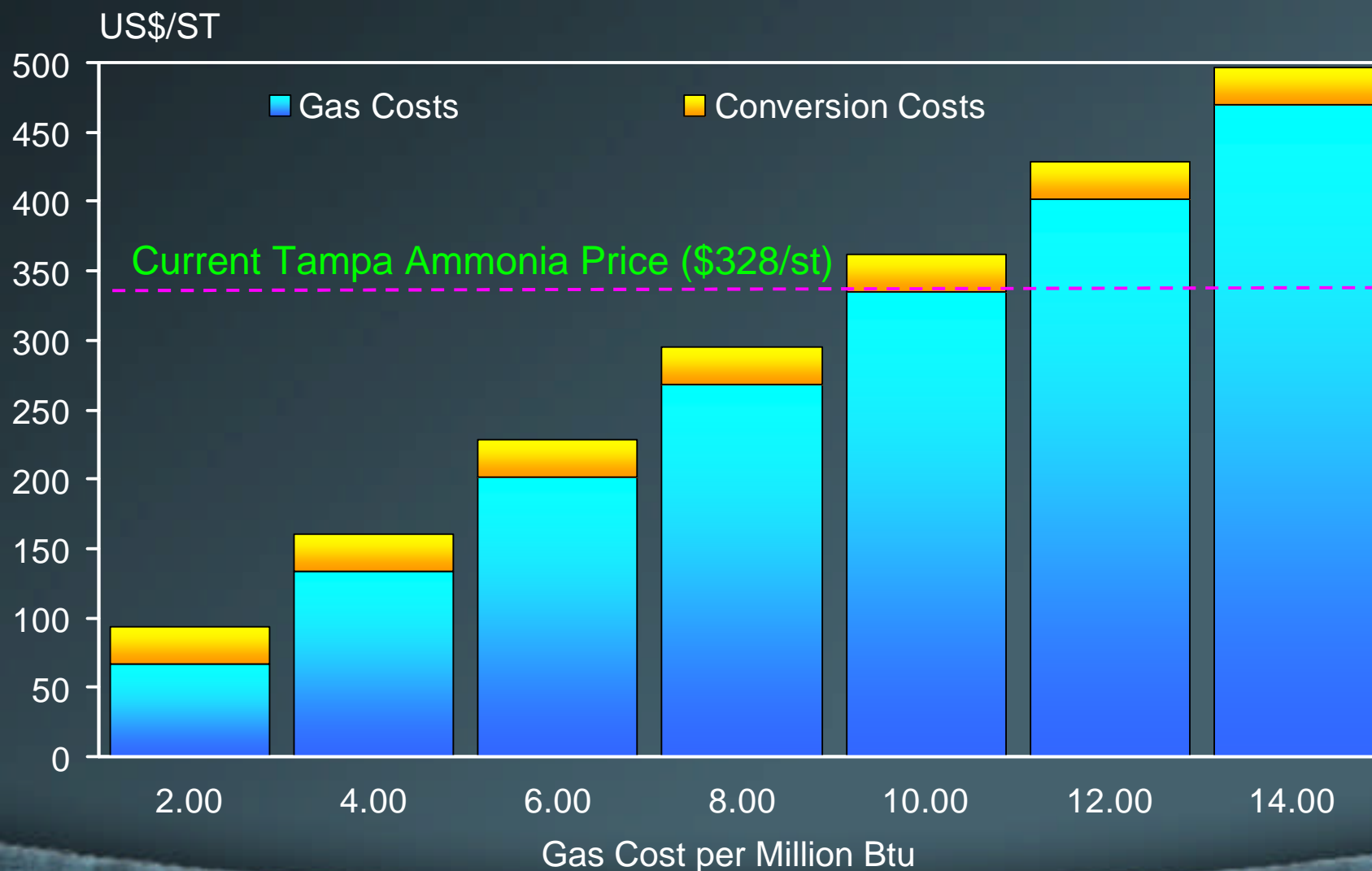


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Ammonia Costs Depend on Gas Costs



Source: TFI, Fertecon, PotashCorp



US Fertilizer Consumption Forecast

Million Tons Nutrient

Sharp Increase in 2003/04 ... Due to exceptional weather, favorable crop prices and better reporting

Down slightly in 2004/05 ... Due to more normal weather and a decline in crop prices

Down 3 - 5% ... Due to high gas prices, US market resistance to nitrogen prices, and reduced corn acreage.

	<u>2003/04</u>	<u>YOY%</u>	<u>2004/05</u>	<u>YOY%</u>	<u>2005/06</u>	<u>Range</u>
K2O	<u>5.498</u>	<u>11.1%</u>	<u>5.445</u>	<u>0 to -2%</u>	<u>5.250</u>	<u>-3 to -5%</u>

Source: AAPFCO and PotashCorp 2004/05 Estimates and 2005/06 Forecast



The Potash Outlook

Conclusion

- ▶ Industry government ownership is low
- ▶ Industry operating rates are high
- ▶ Global potash demand growth to average 2-3%
- ▶ US market carries risk of 3-5% drop from last year
- ▶ Market outlook is for continued tight supply/demand



