The Fertilizer Industry Roundtable

Doug Pertz

North Carolina

October 2003

Fertilizer Demand Drivers

Population and Income growth

↓

Improving diets

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Limited arable land

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Need for Increasing Yields

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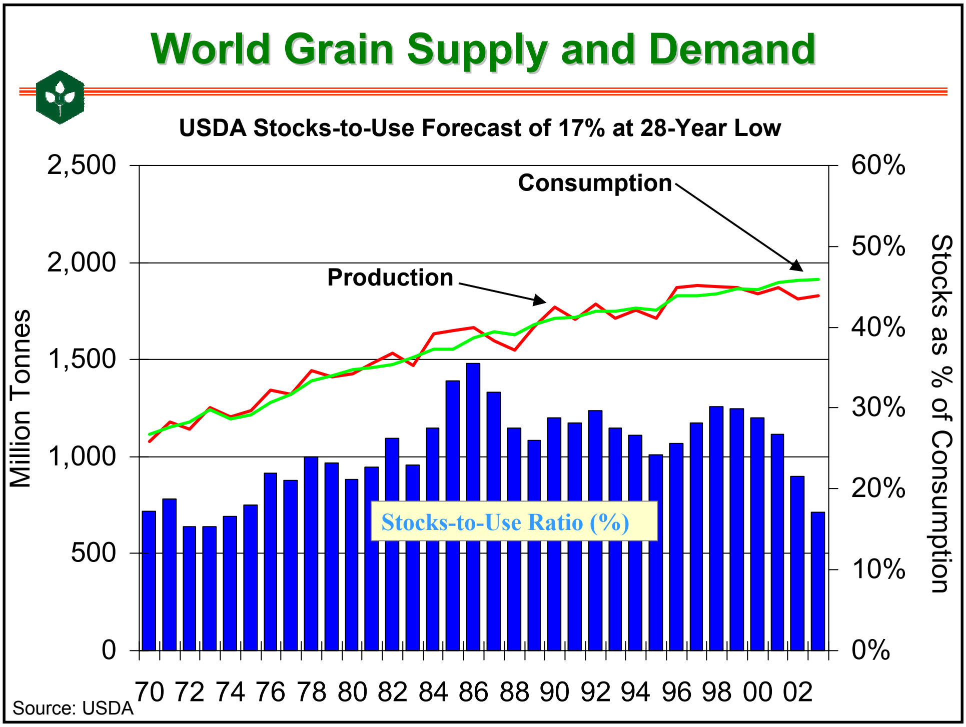
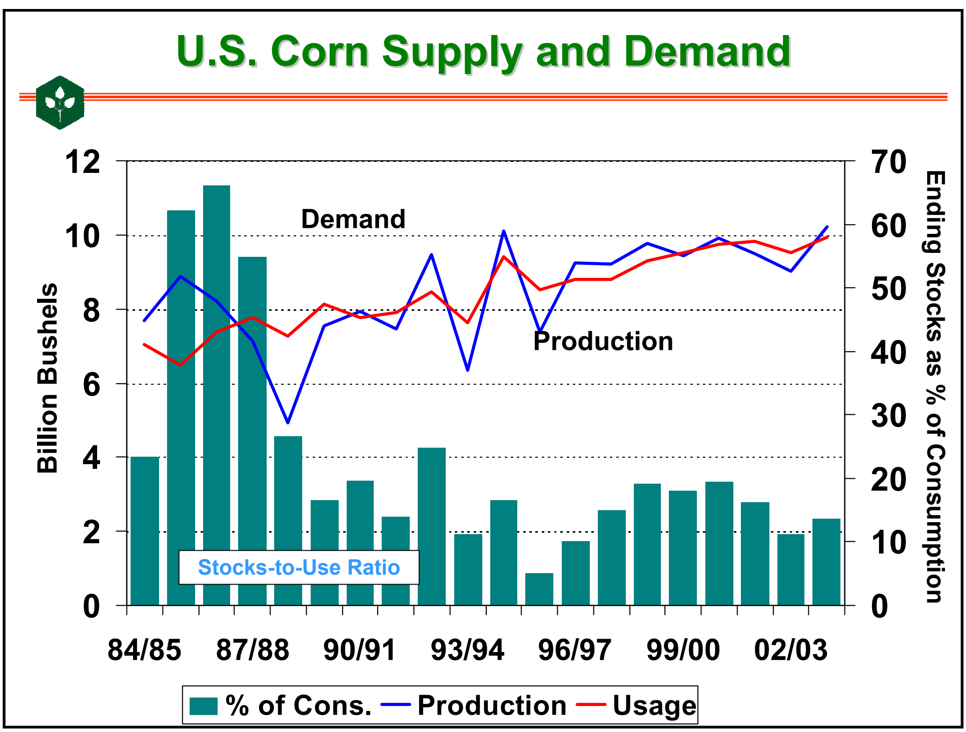
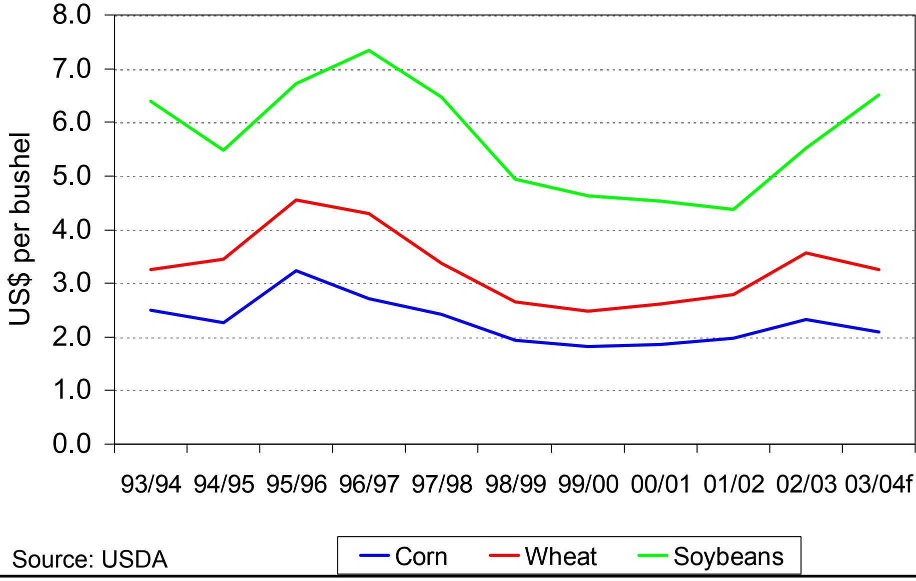
Requires *Increased* use of *Fertilizer* and Technology


World Grain Supply and Demand
USDA Stocks-to-Use Forecast of 17% at 28-Year Low
Consumption
Production
Stocks-to-Use Ratio (%)
Million Tonnes
Stocks as % of Consumption
2,500
2,000
1,500
1,000
500
0
60%
50%
40%
30%
20%
10%
0%
70 72 74 76 78 80 82 84 86 88 90 92 94 96 98 00 02
Source: USDA


U.S. Corn Supply and Demand
Demand
Production
Stocks-to-Use Ratio
Billion Bushels
Ending Stocks as % of Consumption
12
10
8
6
4
2
0
70
60
50
40
30
20
10
0
84/85 87/88 90/91 93/94 96/97 99/00 02/03
% of Cons. Production Usage

Annual Average Grain Prices



Source: USDA

U.S. Crop Plantings

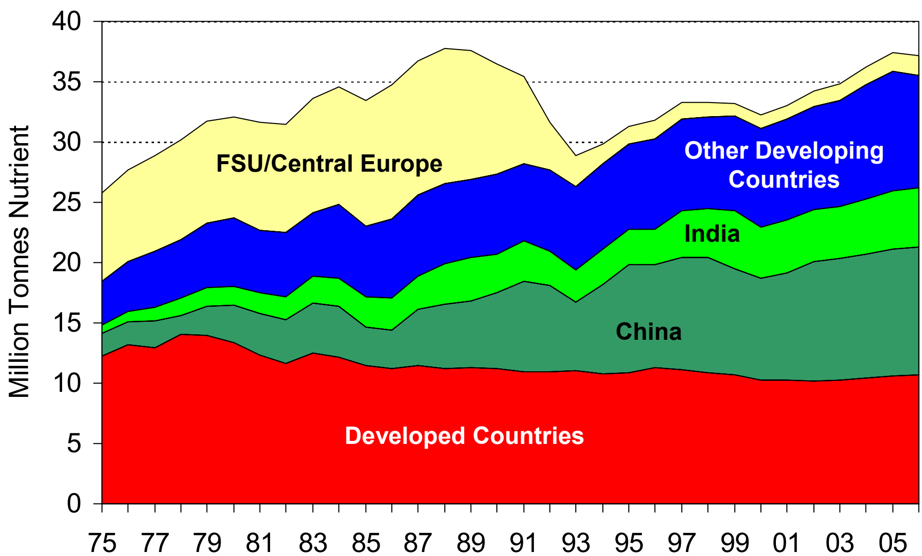
(Million Acres)	**2002**	**2003**	**2004**	**Change**
Corn	79.1	79.1	79.0 - 79.5	0.2%
Soybeans	73.9	73.6	74.5 - 75.0	1.6%
Wheat	60.5	61.7	61.0 - 61.5	-0.6%
Cotton	14.0	13.6	14.3 - 14.8	6.5%
Principal Crops	327.9	328.4	328.5 - 329.0	0.1%

Source: USDA, Doanes

U.S. Fertilizer Demand

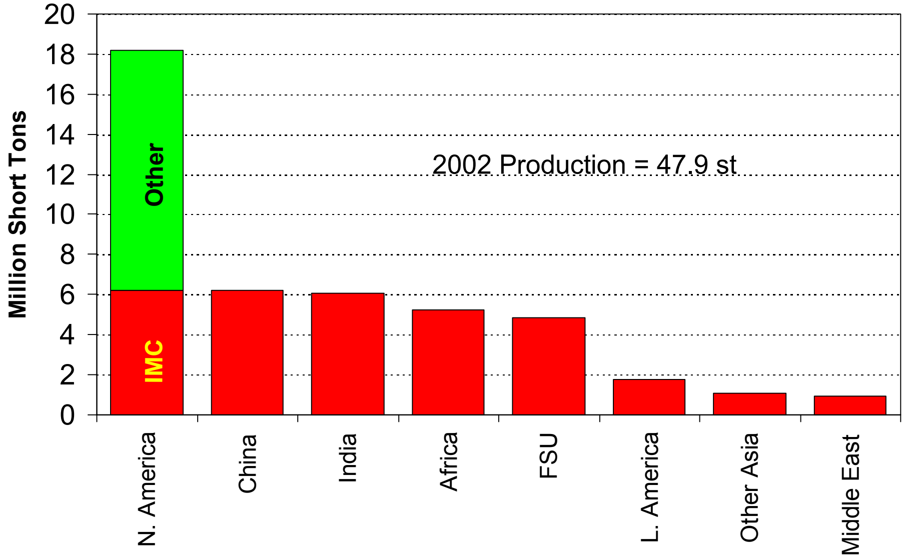
(000 T Nutrients)	2002	2003	2004	% Change
Nitrogen	11,894	12,130		
Phosphates	4,407	4,490	4,520 - 4,600	+0.8% - 2.5%
Potash	5,127	5,230		
Total	21,428	21,850		

World Phosphates Consumption



Source: IFA, FERTECON

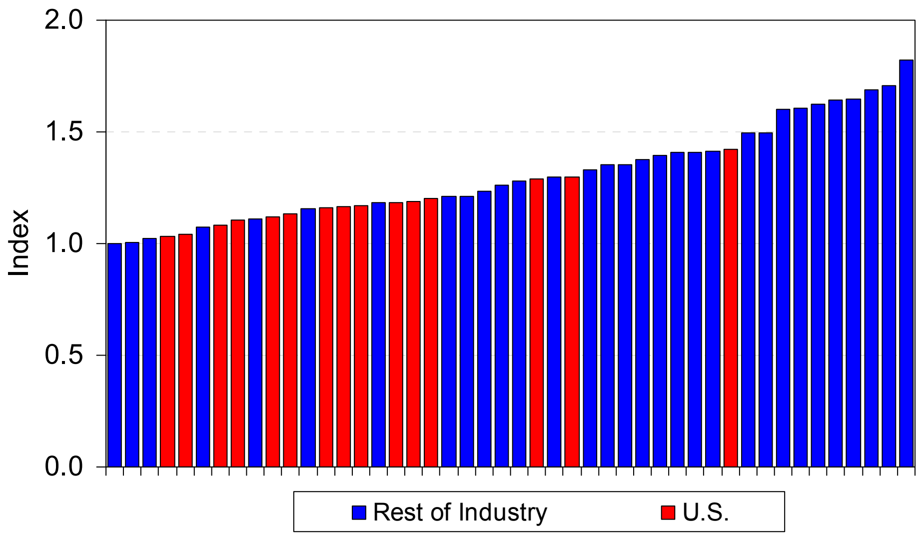
World DAP/MAP/TSP Production



Source: IFA, IMC

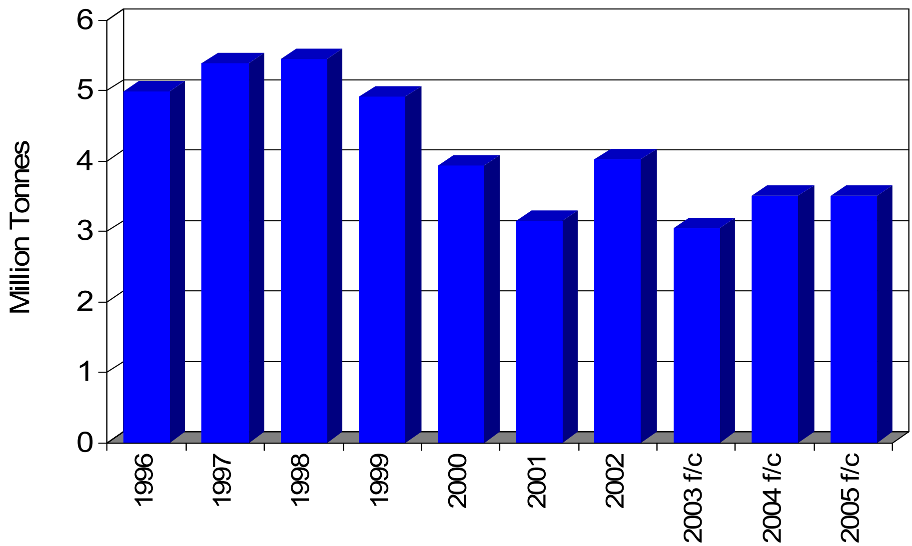
U.S. is a Low-Cost Producer

Phosphoric Acid FOB Plant



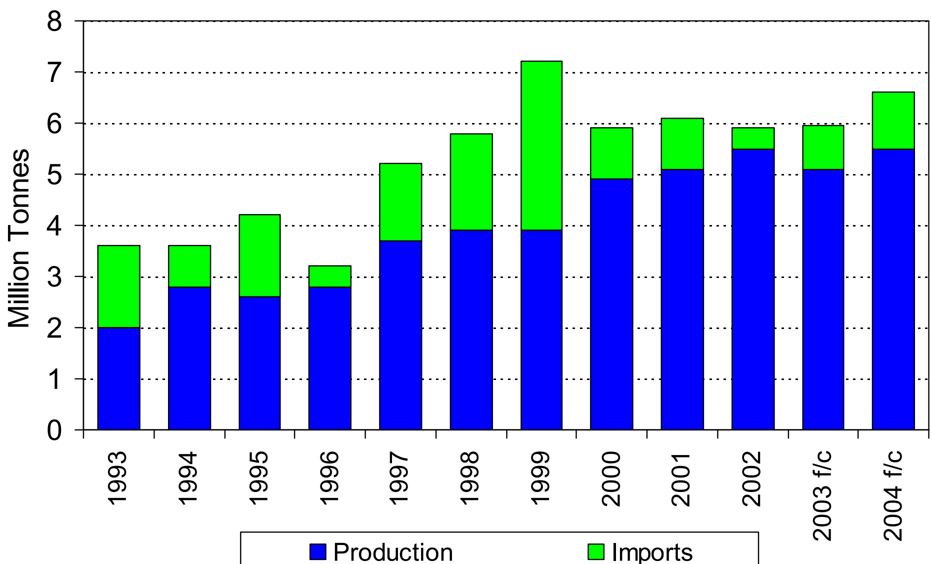
Source: British Sulphur

Chinese DAP Imports To Remain Around 3.5 MT Next 2 Years



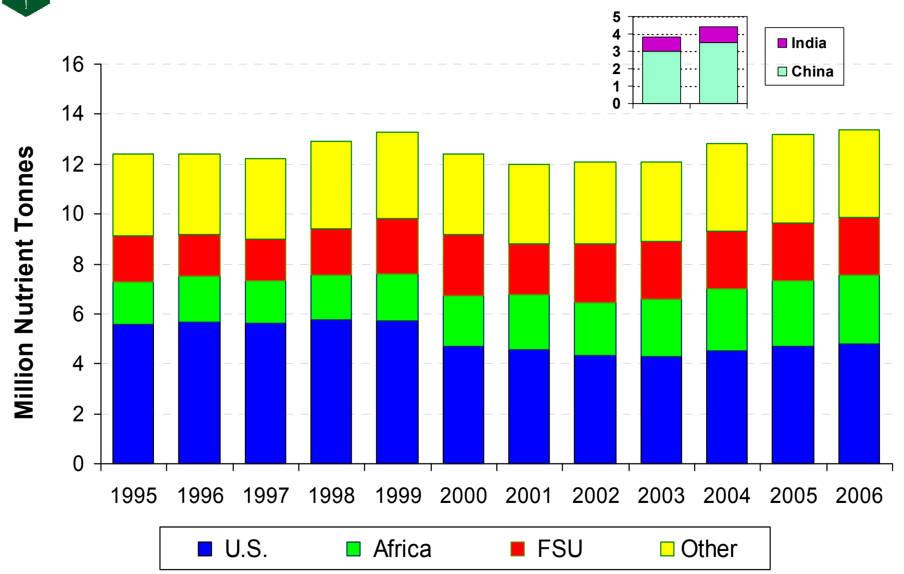
Source: FERTECON

India DAP Supply & Demand



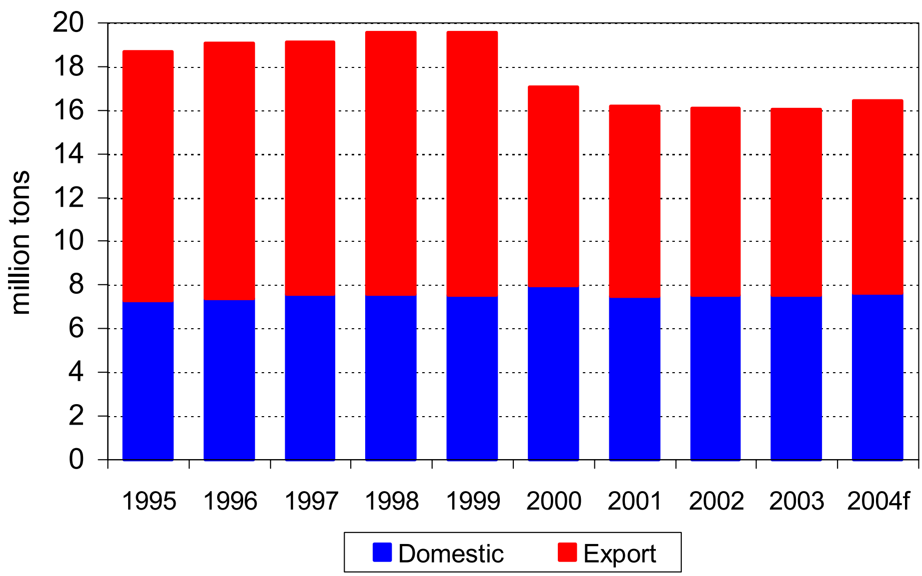
Source: FERTECON

Firmer World DAP Exports Will Drive Phosphate Recovery

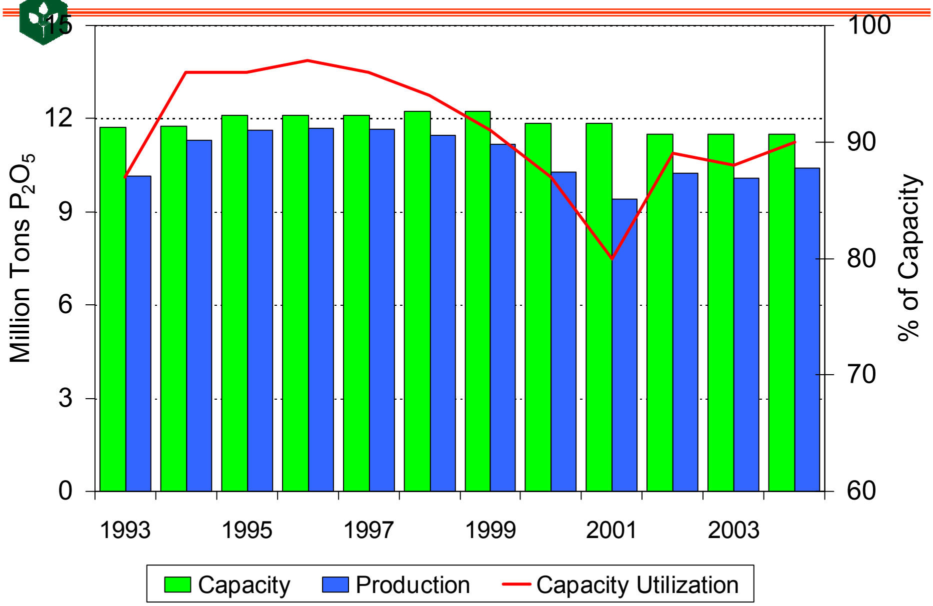


Source: FERTECON, British Sulphur Consultants, IMC

North American DAP/MAP Fertilizer Demand

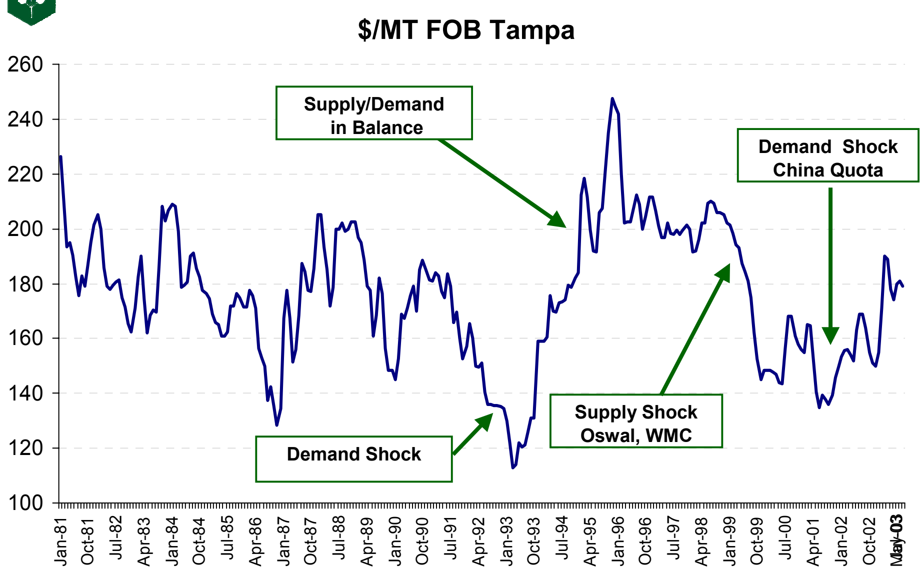


U.S. Phosphoric Acid Supply/Demand

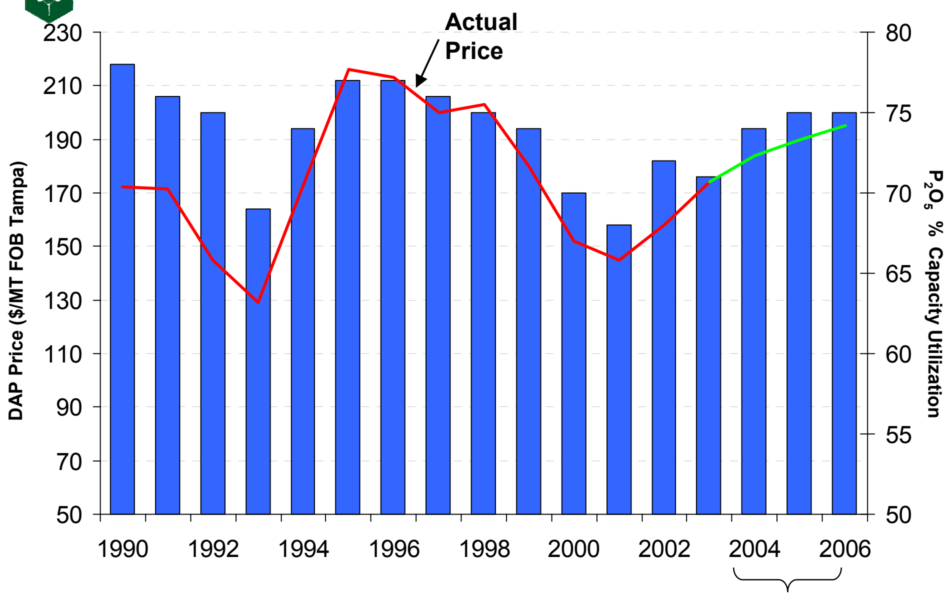


Source: Fertecon, IMC

DAP Pricing Is Cyclical

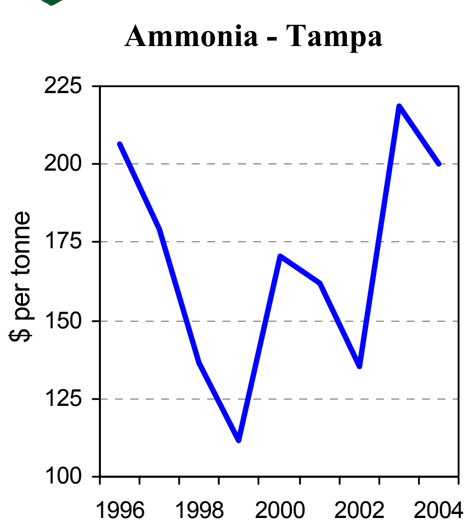


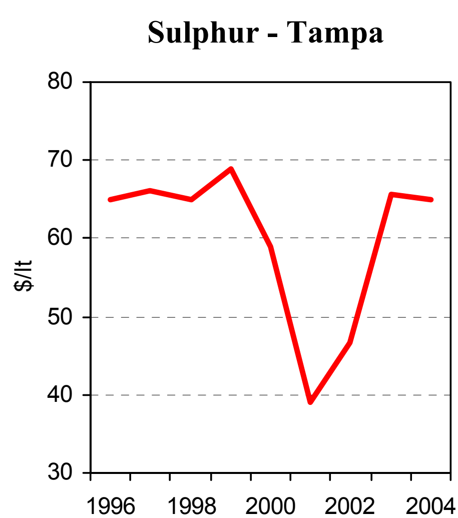
Consultants Forecast Continued DAP Price Cycle Recovery Through 2006



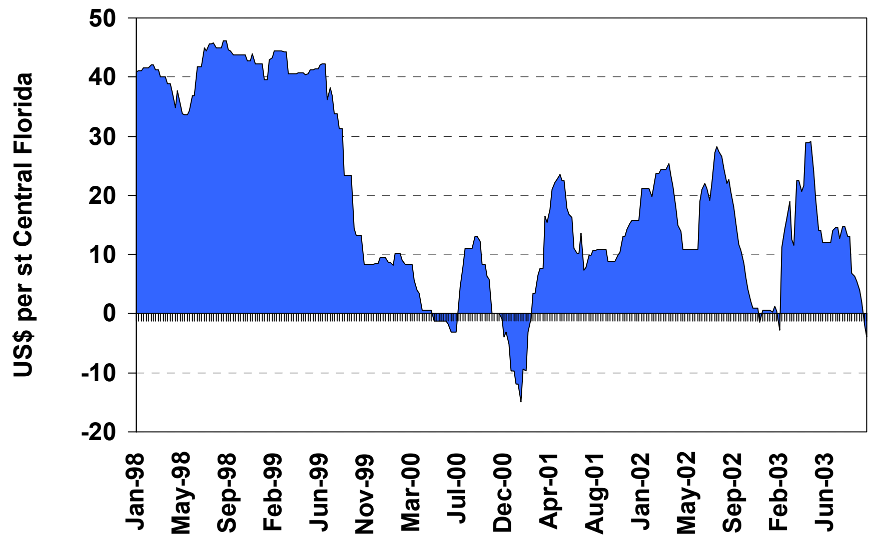
Source: FERTECON, British Sulphur

Raw Material Prices





US DAP Cash Margin



2004 Outlook

- Phosphate Conditions Set to Improve Modestly in 2004
  - Consultants forecast 2004 average price to be an additional $8/tonne higher compared with 2003 average
  - Cash margins expected to increase as ammonia and sulphur prices forecast to moderate but from current negative levels
  - China DAP imports to increase slightly and India should also see higher imports, depending on government subsidy policy
- Tight Grain Markets and Higher Crop Prices Suggest Increase in P&K Demand in 2004 and Beyond
  - Lowest stocks / use ratio in 27 years
  - Domestic corn acreage forecast at near 80 million

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