Monthly Fertiliser Offtake

March 2021: Urea offtakes witness a seasonal dip, down by 16% m/m to 343kT, whereas DAP sales rose to 144kT up by +63%m/m

Total Fertilizer offtake during the month of Mar-21 came at 570kT, an increase of +25%y/y and sequential decline of 13%m/m. Out of which, Urea sales depicted an increase of +13%y/y to 343kT whereas DAP sales witnessed a stronger growth of +81% on y/y basis to 144kT for the month of Mar-21. As a result of strong, fertiliser sales, both Urea and DAP inventory levels declined significantly to stand at 298kT (-50%y/y) and 55kT (-89%y/y) respectively.

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- **Urea Offtakes remained subdued owing to 'Kharif' season:** Urea Sales saw a reduction of -16% m/m (up by+13%y/y due to low base effect) to arrive at 343kT for Mar-21. This brings 1QCY21 total sales to 1,398kT, as compared to total sales of 1,025kT for the corresponding period last year, an increase of +36%y/y. The reduction on monthly basis is primarily attributable to seasonally weak demand with the onset of 'Kharif' Season.
- **EFERT saw the largest m/m decline:** Company wise FFC reported sale of 168kT down by 10% (49% market share vs. ~44%ttm) followed by EFFERT with sales volume of 94kT down by 41% (27% market share vs. vs. ~35%ttm). Whereas sales for FFBL stood at 52kT (15% market share vs. ~8%ttm), up 3x. Recalling, FFC early amid GIDC removal reduced price of Urea bag more than EFERT.
- The overall urea inventory improved to 298kT as compared to 128kT in Feb-21 (up by2.3x m/m) but remains down by -50%y/y. However resumption of RLNG by the government to closed fertilizer plants may ease the inventory situation in upcoming months in our view.

- **DAP offtake remained upbeat despite high prices:** DAP offtakes during Mar-21 stood at 144kT, an increase of +81% y/y or +63% m/m. This brings 1qCY21 offtakes to 314kT up by +49%y/y compared to 210kT in the corresponding period last year. We suspect higher DAP sales are largely due to a) pre-buying factor for 'Kharif' season, b) better farm economics amid rise in crop prices (sugar & wheat) and c) anticipating further increase in international DAP prices. As a result of hefty domestic sale in 1q, DAP inventory (Mar-21 imports: 81kT) remained low for the second consecutive month, clocking in at 55kT, down by -89% y/y while slightly up by +2%m/m.

DAP prices to remain high, supply situation to ease up post Jun-21: As per NFDC estimated demand for DAP for the 1,012kT with domestic production remaining at 420kT (55kT inventory), prospects of imports at current intentional prices remain rather slim atleast till Jun-21, whereby post Jun-21 some respite is expected on international DAP supply which should enable DAP imports.

To recall, global upsurge in international demand, DAP prices have shot up significantly from USD 361/ton (USA) and USD 381/ton (Middle East) since Mid of Dec-20 by an average +61% and +49% to current as of Apr-21 end, USD 580/ton and USD 541/ton respectively since Mid of Dec-20. Similarly, phosphoric acid prices have risen by +45% to USD 989/ton as of latest from USD 689/ton in the same period. Reflecting the rise in International DAP prices, domestic price per bag are currently retailing at PKR 5,427 (sona) depicting a +36% rise. To ease the effect, ggovernment is eyeing a PKR 1,000/bag subsidy through 'Kissan Card Initiative', which will to an extent improve DAP purchasing.

Exhibit: Monthly Fertiliser Offtake and Production

February 2021

Offtake

in Ktons	Mar-21	Feb-21	m/m	Mar-20	y/y	3M2021	3M2020	y/y
Urea	343.0	406.2	-16%	302.5	13%	1,397.7	1,024.7	36%
DAP	143.7	88.1	63%	79.2	81%	314.0	210.5	49%
CAN	56.0	82.1	-32%	34.0	65%	247.0	145.0	70%
NP	12.0	70.8	-83%	33.2	-64%	176.6	112.1	57%
NPK	16.0	11.1	45%	7.4	2x	33.5	20.8	61%
Total	**570.7**	**658.2**	**-13%**	**456.4**	**25%**	**2,168.8**	**1,513.1**	**43%**

Production

in Ktons	Mar-21	Feb-21	m/m	Mar-20	y/y	3M2021	3M2020	y/y
Urea	514.0	436.0	18%	509.8	1%	1,405.2	1,427.8	-2%
DAP	66.0	38.3	72%	38.2	73%	121.1	104.4	16%
CAN	57.0	69.2	-18%	57.4	-1%	193.5	172.4	12%
NP	60.0	67.0	-10%	65.7	-9%	209.9	189.6	11%
NPK	14.0	5.7	2x	8.0	75%	26.3	24.7	6%
Total	**711.0**	**616.2**	**15%**	**679.1**	**5%**	**1,956.1**	**1,918.9**	**2%**

Source: IGI Research, NFDC

Exhibit: Monthly Fertiliser Offtake

February 2021

Urea--Company Wise

in Ktons	Mar-21	Feb-21	m/m	Mar-20	y/y	3M2021	3M2020	y/y
FFC	167.8	185.6	-10%	208.4	-19%	574.6	586.4	-2%
EFERT	94.1	160.1	-41%	17.8	5x	602.1	172.9	3x
FATIMA	27.3	41.9	-35%	25.8	6%	145.8	176.3	-17%
FFBL	51.9	18.0	3x	47.2	10%	69.9	75.4	-7%
Others	1.9	0.7	3x	3.3	-42%	5.3	13.7	-61%
Offtake	**343.0**	**406.2**	**-16%**	**302.5**	**13%**	**1,397.7**	**1,024.7**	**36%**
Ending Inventory	297.7	128.8	2x	592.1	-50%	297.7	128.8	2x

DAP--Company Wise

in Ktons	Mar-21	Feb-21	m/m	Mar-20	y/y	3M2021	3M2020	y/y
FFC	28.0	0.0	1219x	6.4	4x	28.1	15.2	85%
EFERT	22.3	5.3	4x	16.3	36%	54.4	29.4	85%
FATIMA	7.9	1.5	5x	0.8	10x	11.9	16.7	-29%
FFBL	62.4	37.4	67%	43.1	45%	116.6	107.8	8%
Others	23.1	43.9	-47%	12.6	83%	102.8	41.3	2x
Offtake	**143.7**	**88.1**	**63%**	**79.2**	**81%**	**314.0**	**210.5**	**49%**
Ending Inventory	55.0	54.1	2%	499.8	-89%	55.0	55.0	0%

Source: IGI Research, NFDC

Exhibit: Urea sales and historic average

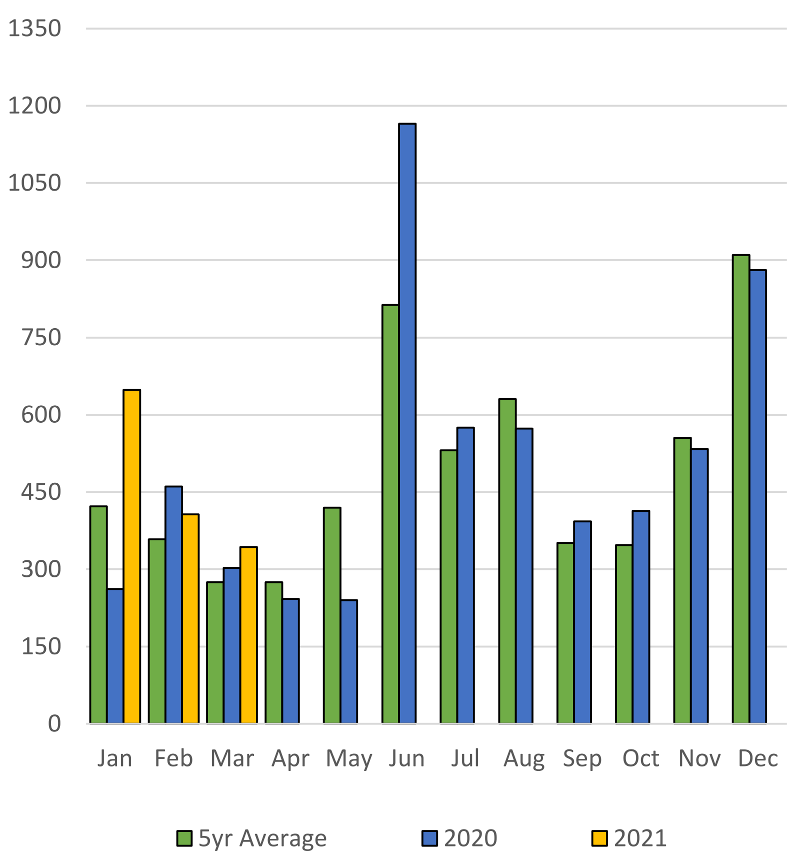
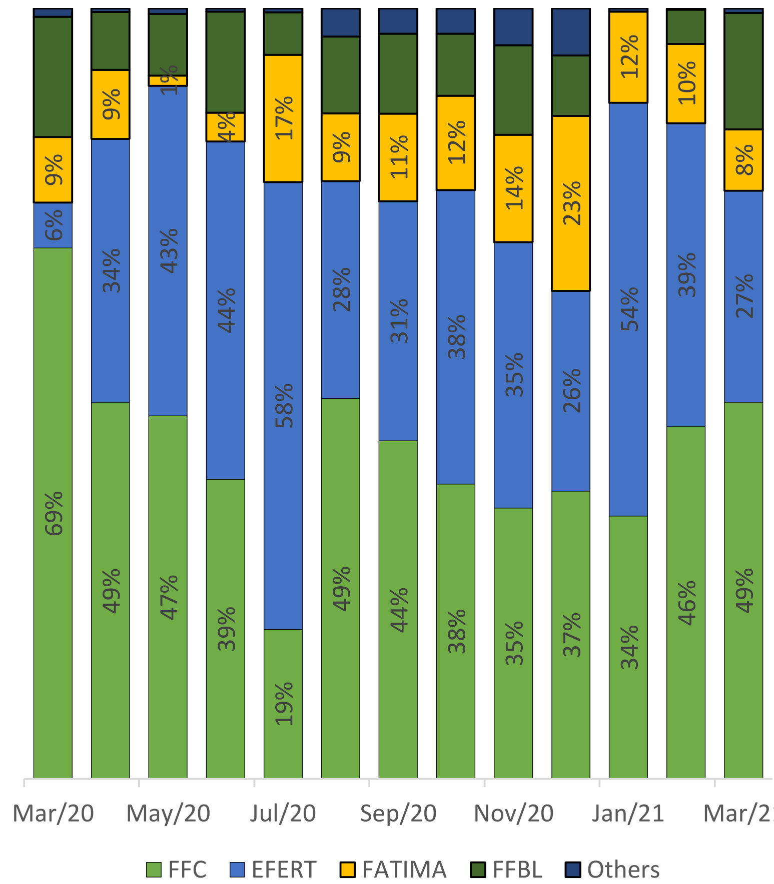


Exhibit: Urea market share company-wise



Source: IGI Research, NFDC

Exhibit: Dap sales and historic average

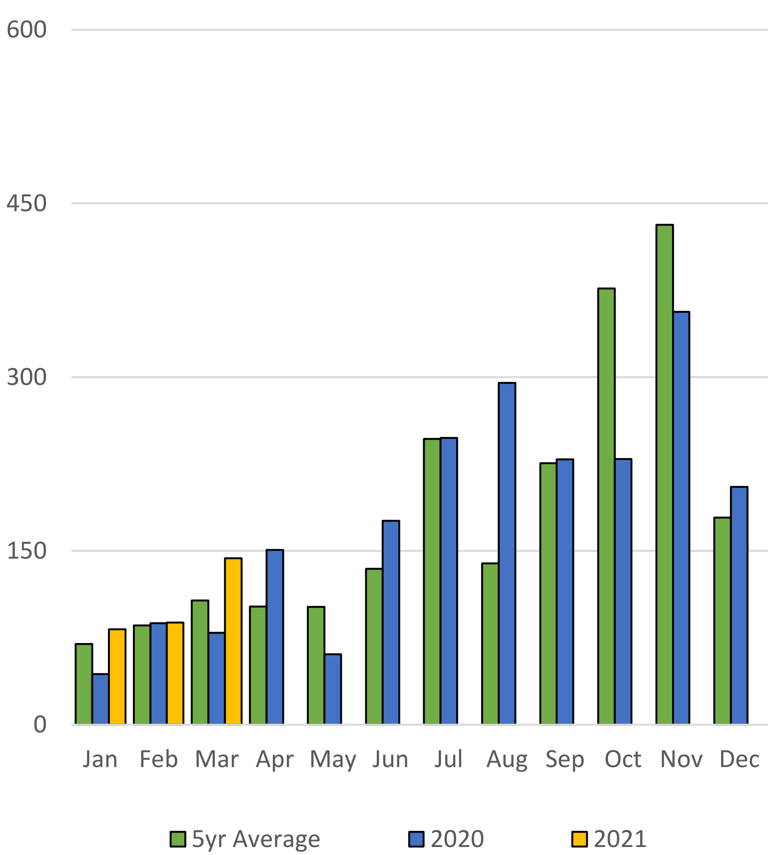
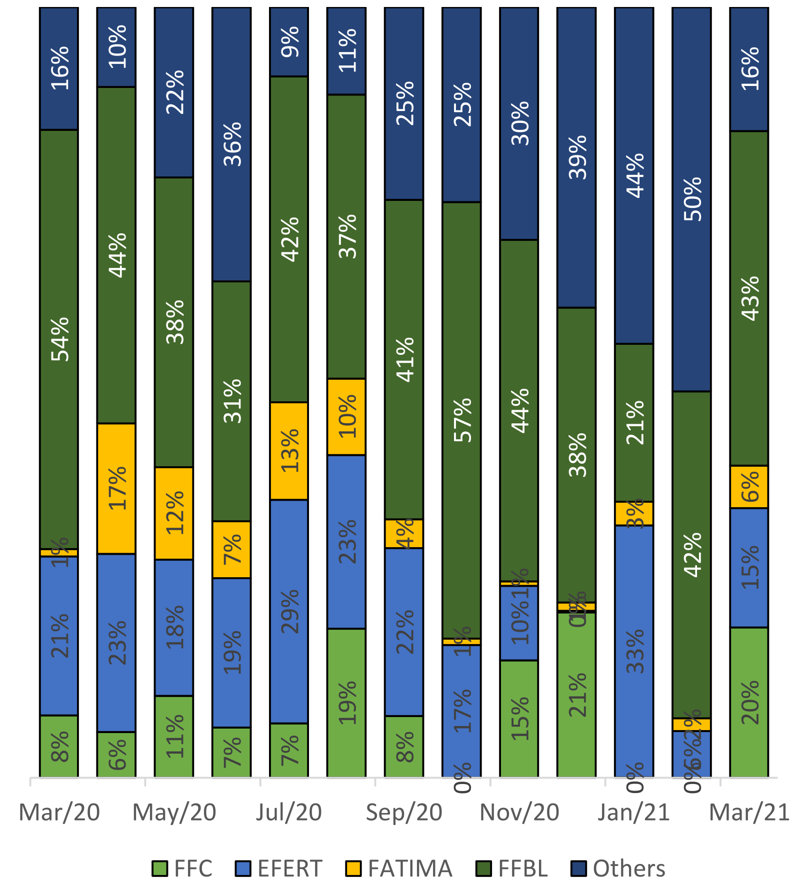


Exhibit: Dap market share company-wise



Source: IGI Research, NFDC

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Time Horizon: Dec – 2021

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