

May 31, 2021

Monthly Fertiliser Offtake

April-2021: Urea offtakes drops by 10% to 309k.T on an m/m basis while DAP Sales declined by 68% m/m

Urea sales dropped by 10% m/m is due to high base effect from previous month's sales of 343k.T. Overall for the 4m'21, Urea sales are up by +35% y/y to arrive at 722kT. Similar to urea, DAP sales also took a hit on m/m basis, down by 68% (-70% y/y) to 46kT bringing cumulative 4MCY21 offtakes to 314kT.

Analyst

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Urea Offtakes Total Fertilizer Offtakes clock in at 239kT, down by 10% y/y

As per the latest published data by National Fertiliser Development Centre (NFDC), total fertilizer offtake during the month clocked in at 239kT, down by 10% y/y.

Urea offtakes drops by 10% to 309k.T on an m/m basis

During the month, total urea sales arrive at 309kT down by 10% m/m. However sales compared to last year are still up by +28% y/y (low base effect). Overall for the 4m'21 sales comes at 722k.T up by +35% y/y.

We suspect monthly drop in urea sales is due to high base effect from previous month's sales of 343k.T. Going forward we view low inventory levels combined with availability of subsidised RLNG will keep overall demand/supply balance during the year, hence we expect urea prices to remain around current levels of PKR 1740/bag.

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Plunge in DAP offtakes observed amid local Price hike

Similar to urea, DAP sales also took a hit on m/m basis, down by 68% (-70%y/y) to 46kT bringing cumulative 4MCY21 offtakes to 314kT. Flat sales were registered largely because of 1) High base effect from previous months sale of 144kT 2) Rise in DAP prices amid a rise in international DAP prices 2) Anticipation of Subsidy under the Kisaan card Initiative DAP Production however posted a growth of +71%y/y (+7%m/m) registering at 71kT as compared to 41kT same period last year. This is mainly due to Fertilizer producers seeking to capitalize on the increase in International DAP prices which are currently hovering between 540-580 USD consequently raising average local DAP prices up to PKR 5400.

Outlook

Global price instability for Fertilizer products, particularly DAP paints an uncertain picture. DAP prices are expected to remain upbeat as global projections deem the upward price trend to last at least two years. This creates a highly favourable situation for FFBL as the sole DAP manufacturer in the country. Going forward, DAP Subsidy of PKR 1000 under the Kisaan card initiative is expected to enhance farmers' affordability henceforth bolstering sales.

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Exhibit: Monthly Fertiliser Offtake and Production

April 2021

Offtake

in Ktons	Apr-21	Mar-21	m/m	Apr-20	y/y	4M2021	4M2020	y/y
Urea	309.2	343.0	-10%	242.3	28%	1,397.8	1,267.0	10%
DAP	45.7	143.7	-68%	150.7	-70%	314.0	361.2	-13%
CAN	70.1	55.6	26%	59.8	17%	246.5	204.8	20%
NP	97.4	12.1	8x	80.3	21%	176.7	192.4	-8%
NPK	2.3	16.5	-86%	5.9	-61%	34.0	26.7	27%
Total	524.7	570.9	-8%	539.0	-3%	2,169.0	2,052.2	6%

Production

in Ktons	Apr-21	Mar-21	m/m	Apr-20	y/y	4M2021	4M2020	y/y
Urea	487.8	514.0	-5%	504.8	-3%	1,405.2	1,932.6	-27%
DAP	70.8	66.0	7%	41.4	71%	121.1	145.7	-17%
CAN	67.4	57.0	18%	65.5	3%	193.5	237.9	-19%
NP	0.0	60.0	-100%	76.6	-100%	209.9	266.2	-21%
NPK	0.0	14.0	-100%	5.3	-100%	26.3	30.1	-13%
Total	626.1	711.0	-12%	693.6	-10%	2,582.2	2,612.6	-1%

Source: IGI Research, NFDC

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Exhibit: Monthly Fertilizer Offtake

April 2021

Urea--Company Wise

in Ktons	Apr-21	Mar-21	m/m	Apr-20	y/y	4M2021	4M2020	y/y
FFC	126.2	167.8	-25%	118.3	7%	574.6	704.7	-18%
EFERT	108.8	94.1	16%	83.1	31%	602.1	255.9	135%
FATIMA	25.5	27.3	-7%	21.7	17%	145.8	198.1	-26%
FFBL	37.3	51.9	-28%	18.1	106%	69.9	93.5	-25%
Others	11.4	2.0	5.7x	1.1	903%	5.3	14.8	-64%
Total	309.2	343.0	-10%	242.3	28%	1,707.0	1,267.0	35%

DAP--Company Wise

in Ktons	Apr-21	Mar-21	m/m	Apr-20	y/y	4M2021	4M2020	y/y
FFC	6.1	28.0	-78%	9.0	-32%	28.1	24.2	16%
EFERT	2.8	22.3	-88%	83.1	-97%	54.4	64.3	-15%
FATIMA	0.3	1.0	-64%	21.7	-98%	4.9	42.3	-88%
FFBL	21.9	62.4	-65%	18.1	21%	116.6	173.6	-33%
Others	14.6	30.1	-51%	1.1	1183%	109.8	56.9	93%
Total	45.7	143.7	-68%	150.7	-70%	359.7	361.2	0%

Source: IGI Research, NFDC

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Exhibit: Urea sales and historic average

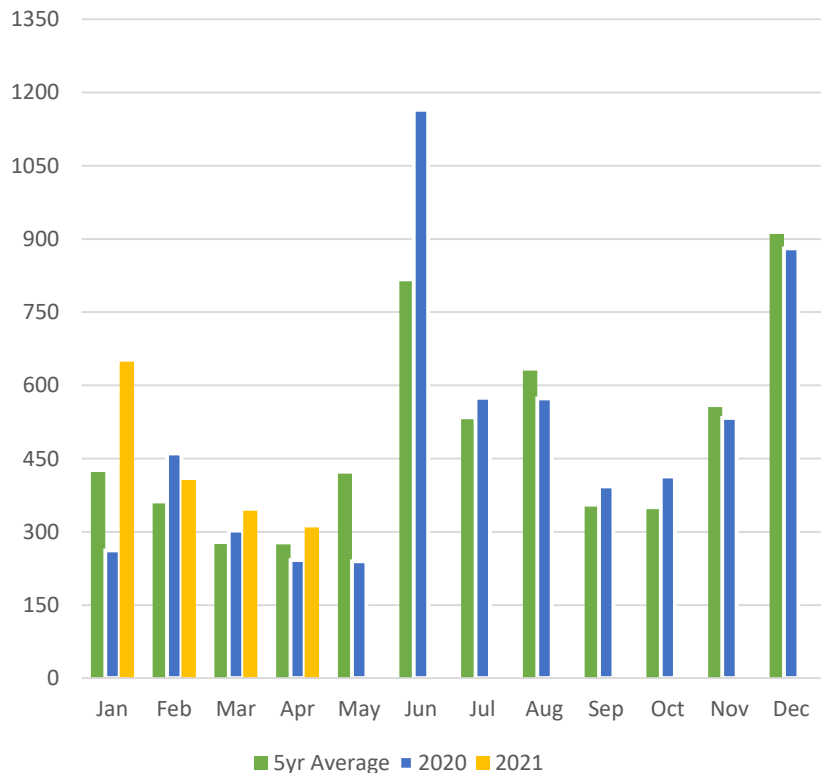
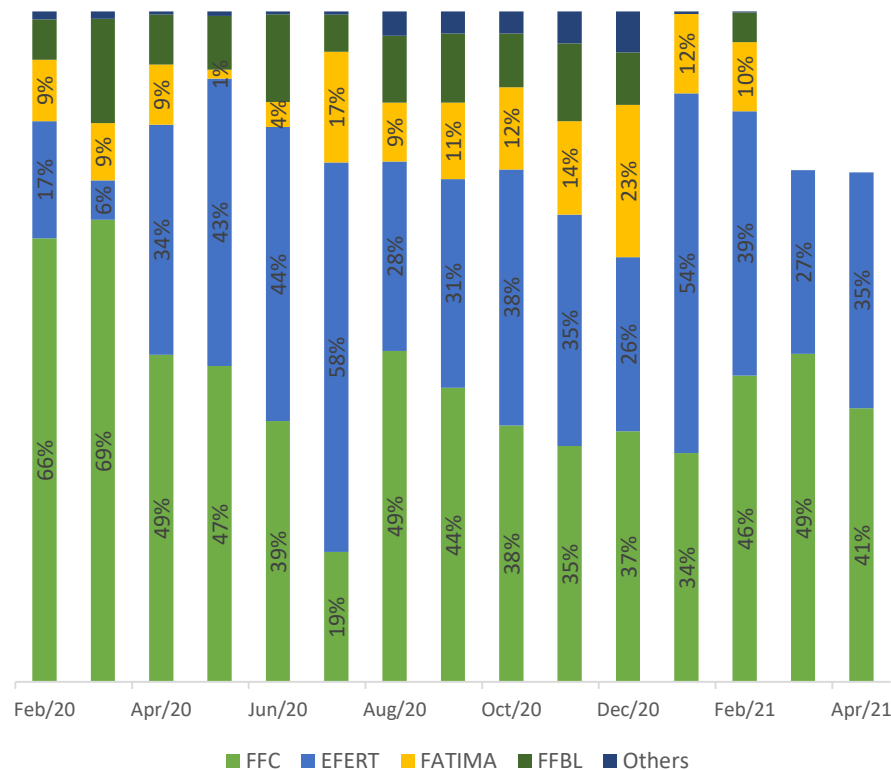


Exhibit: Urea market share company-wise

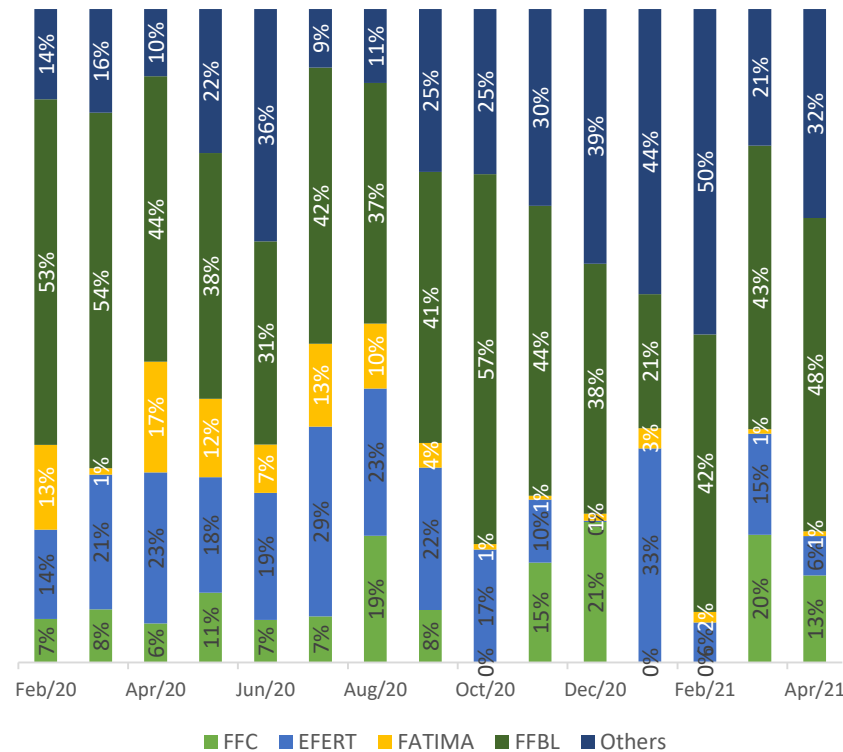
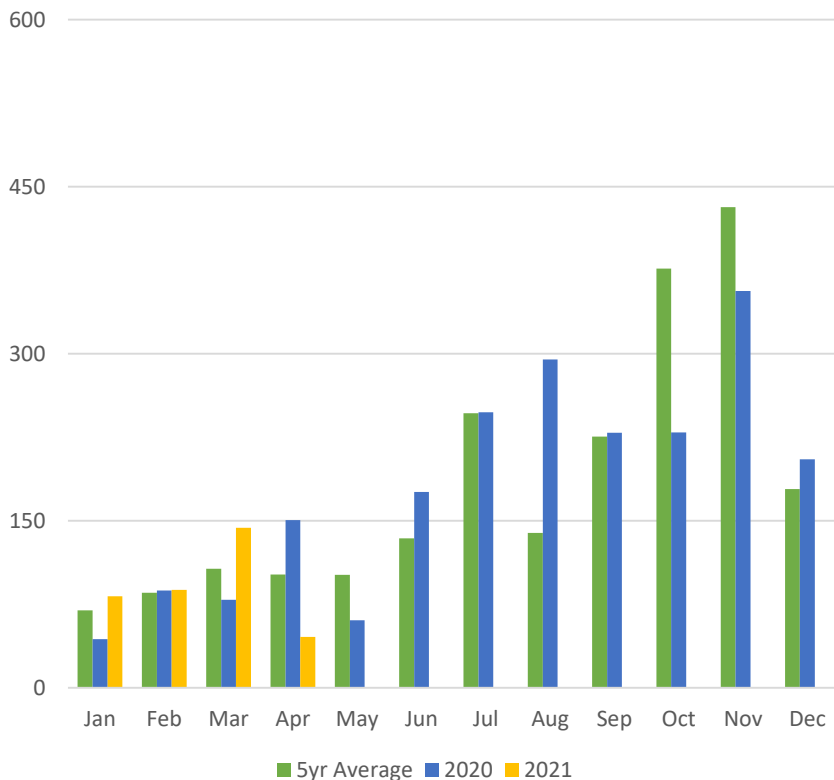


Source: IGI Research, NFDC

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Exhibit: Dap sales and historic average

Exhibit: Dap market share company-wise



Source: IGI Research, NFDC

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