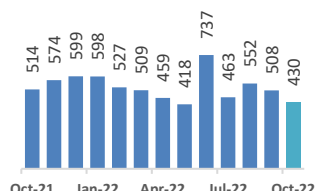


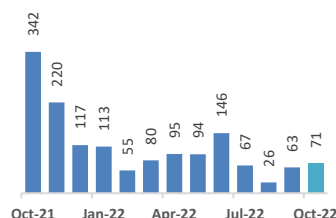
Sector Update

Exhibit: Pakistan Monthly Urea Offtake



Source: NFDC, IGI Research.

Exhibits: Pakistan Monthly DAP Offtake



Source: NFDC, IGI Research.

Fertilizer

Oct-22: Urea Offtake Declined Whereas DAP Recovers amid Rabi Sowing

- For the month of Oct-22, industry Urea and DAP sales are down by 16%y and 79%y to 430kt and 71.5kt, respectively. This brings cumulative sales of Urea for the 10MCY22 period to 5,200kt (up +1%y) and for DAP to 810kt (down by 48%y).
- Company-wise, EFERT and FFC led the decline chart with sales down by 40%y and 9%y respectively. FATIMA witnessed a decrease of 5%y to 69kt, whereas FFBL registered an increase in offtake by 8.5%y to 48.2kt.
- FFC, FFBL, EFERT and FATIMA sales stood at 5.5kt, 33.1kt, 19.2kt and 0.8kt down by 89%y, 72%y, 71%y and 78%y respectively compared to same period last year. We attribute this decline in sales owing to higher prices leading to slump in demand

We reviewed the data published by National Fertilizer Development Centre (NFDC) for the month of Oct-22.

Fertilizer offtake declined by 45%y

For the month of Oct-22, industry Urea and DAP sales are down by 16%y and 79%y to 430kt and 71.5kt, respectively. This brings cumulative sales of Urea for the 10MCY22 period to 5,200kt (up +1%y) and for DAP to 810kt (down by 48%y).

Other nitrogen based fertilizer CAN, witnessed an increase of +37%y to 57kt taking total period sales to 562kt (down by 13%y). Similarly NP &NPK also recorded a growth of +17%y to 42kt, taking period total sales to 554kt (down by 23%y).

Exhibit: Monthly Fertilizer offtake

k.tons	Oct-22	Sep-22	m/m	Oct-21	y/y	10MFY22	10MFY22	y/y
Urea	430	508	-15%	514	-16%	5,200	5,537	-6%
DAP	71	63	14%	342	-79%	810	1,407	-42%
CAN	57	41	37%	106	-47%	652	748	-13%
NP & NPK	42	36	17%	134	-69%	554	721	-23%
Total	600	648	-7%	1,096	-45%	7,215	8,414	-14%

Source: NFDC, IGI Research

Urea sales down by 16%y to 430kt

Company-wise, EFERT and FFC led the decline chart with sales down by 40%y and 9%y respectively. FATIMA witnessed a decrease of 5%y to 69kt, whereas FFBL registered an increase in offtake by 8.5%y to 48.2KT. In our view, the decrease in urea sales is mainly attributable to increased DAP consumption amidst Rabi sowing season. Total urea production during the month stood at 531KT along with opening inventory of 195kt. This takes monthly urea availability to 828KT and closing inventory to 294kt.

Analyst

Abdullah Farhan

Abdullah.Farhan@igi.com.pk

Tel: +92 21 111 234 234 Ext: 912

Huzaifa Yaseen

Huzafa.Yaseen@igi.com.pk

Tel: +92 21 111 234 234 Ext: 816

DAP sales decreased by 46%y to 94.4kt

FFC, FFBL, EFERT and FATIMA sales stood at 5.5kt, 33.1kt, 19.2kt and 0.8kt down by 89%y, 72%y, 71%y and 78%y respectively compared to same period last year. We attribute this decline in sales owing to higher prices leading to slump in demand. Overall industry production for DAP during the month stood at 72kt, while total availability during the month stood at 523.kt, including imported and opening inventory. This brings DAP closing inventory at 460.4kt.

Exhibit: Monthly Fertilizer offtake Company-wise								
k.tons	Oct-22	Sep-22	m/m	Oct-21	y/y	10MFY22	10MFY22	y/y
Urea - Sales								
FFC	185	201	-8%	203	-9%	1,980	2,150	-8%
EFERT	97	164	-41%	161	-40%	1,619	1,973	-18%
FATIMA	69	69	0%	73	-5%	709	755	-6%
FFBL	48	36	33%	44	9%	415	451	-8%
DAP - Sales								
FFC	5	6	-2%	49	-89%	62	159	-61%
EFERT	19	19	0%	67	-71%	182	199	-9%
FATIMA	1	1	16%	3	-78%	9	15	-43%
FFBL	33	19	76%	118	-72%	414	593	-30%

Source: IGI Research, NFDC

Outlook

Going forward, we expect DAP sales to recover amid higher demand in Rabi sowing season and downward price revision recovery ([link](#)). International DAP prices (Middle East) came down to US\$ 785/ton. Reflecting the same domestic DAP prices also declined to PKR 10,550/ton from PKR 12,500/bag starting FY22.

For urea, we expect demand to remain stable in the near-term. However price risks persist owing to upward revision in gas prices, along with import of urea.

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IGI Finex Securities Limited
Research Analyst(s)
Research Identity Number: BRP009
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Contact Details

Equity Sales

Faisal Jawed Khan	Head of Equities	Tel: (+92-21) 35301779	faisal.jawed@igi.com.pk
Zaeem Haider Khan	Regional Head (North)	Tel: (+92-42) 38303559-68	zaeem.haider@igi.com.pk
Muhammad Naveed	Regional Manager (Islamabad & Upper North)	Tel: (+92-51) 2604861-62	muhammad.naveed@igi.com.pk
Syeda Mahrugh Hameed	Branch Manager (Lahore)	Tel: (+92-42) 38303564	mahrugh.hameed@igi.com.pk
Shakeel Ahmad	Branch Manager (Faisalabad)	Tel: (+92-41) 2540843-45	shakeel.ahmad1@igi.com.pk
Zaid Farook	Branch Manager (Stock Exchange) Karachi	Tel: (+92-21) 32462651-52	zaid.farook@igi.com.pk
Asif Saleem	Equity Sales (RY Khan)	Tel: (+92-68) 5871652-56	asif.saleem@igi.com.pk
Mehtab Ali	Equity Sales (Multan)	Tel: (+92-61) 4512003	mahtab.ali@igi.com.pk

Research Team

Saad Khan	Head of Research	Tel: (+92-21) 111-234-234 Ext: 810	saad.khan@igi.com.pk
Abdullah Farhan	Senior Analyst	Tel: (+92-21) 111-234-234 Ext: 912	abdullah.farhan@igi.com.pk
Aariz Raza	Analyst	Tel: (+92-21) 111-234-234 Ext: 810	Aariz.raza@igi.com.pk
Ajay Kumar	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	ajay.kumar@igi.com.pk
Huzaifa Yaseen	Analyst	Tel: (+92-21) 111-234-234 Ext: 912	huzaifa.yaseen@igi.com.pk

IGI Finex Securities Limited

Trading Rights Entitlement Certificate (TREC) Holder of Pakistan Stock Exchange Limited |

Corporate member of Pakistan Mercantile Exchange Limited

Website: www.igisecurities.com.pk

Head Office

Suite No 701-713, 7th Floor, The Forum, G-20,
 Khayaban-e-Jami Block-09, Clifton, Karachi-75600
 UAN: (+92-21) 111-444-001 | (+92-21) 111-234-234
 Fax: (+92-21) 35309169, 35301780

Stock Exchange Office

Room # 134, 3rd Floor, Stock Exchange Building,
 Stock Exchange Road, Karachi.
 Tel: (+92-21) 32429613-4, 32462651-2
 Fax: (+92-21) 32429607

Lahore Office

Shop # G-009, Ground Floor,
 Packages Mall
 Tel: (+92-42) 38303560-69
 Fax: (+92-42) 38303559

Islamabad Office

Mezzanine Floor, Office 5, 6 & 7, Kashmir
 Plaza,
 Block- B, Jinnah Avenue, Blue Area
 Tel: (+92-51) 2604861-2, 2604864, 2273439
 Fax: (+92-51) 2273861

Faisalabad Office

Office No. 2, 5 & 8, Ground Floor, The
 Regency International 949, The Mall
 Faisalabad
 Tel: (+92-41) 2540843-45

Rahim Yar Khan Office

Plot # 12, Basement of Khalid Market,
 Model Town, Town Hall Road
 Tel: (+92-68) 5871652-3
 Fax: (+92-68) 5871651

Multan Office

Mezzanine Floor, Abdali Tower,
 Abdali Road
 Tel: (+92-61) 4512003, 4571183

IGI Finex Securities Limited

Research Analyst(s)

Research Identity Number: BRP009

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