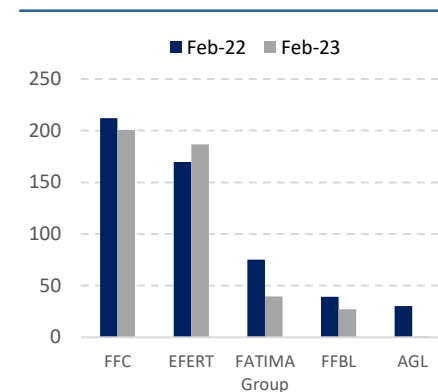


**Fertilizer Sector**  
Offtake Update

**Pakistan Research**
**Fertilizer: Feb-23 Urea offtake decline 5% YoY; DAP sales up 76% YoY**

- As per the data released by NFDC, Feb-23 Urea offtake decreased by 5% YoY to 503k tons, while DAP offtake increased to 98k tons up 76% YoY. For 2MCY23, Urea offtake remained flat with meagre increase of 1% YoY to 1.1mn tons, while DAP offtake increased by 15% YoY to 193k tons.
- Within the urea segment EFERT's offtake grew by 10% YoY, while all the remaining players witnessed the downward trend during Feb-23. FATIMA and AGL saw major contraction in urea offtake, with a decrease of 48% and 97% respectively.
- During the month under review, DAP offtake increased by 76% YoY. Company wise data shows that FFBL's DAP offtake increased by 2.1x YoY due to the lower base effect.
- During Feb-23, domestic urea prices averaged at PKR 2,764/bag, up ~51% YoY. While, DAP prices also remained elevated at PKR 10,434/bag, up ~12% YoY.
- We expect urea offtake to clock in at ~6.4mn tons during CY23 (down 3% YoY), while prices to remain elevated due to increase in gas prices. DAP offtake is projected to clock in at ~1.3mn tons for CY23 (down 7% YoY).

Urea offtake (K. tons)



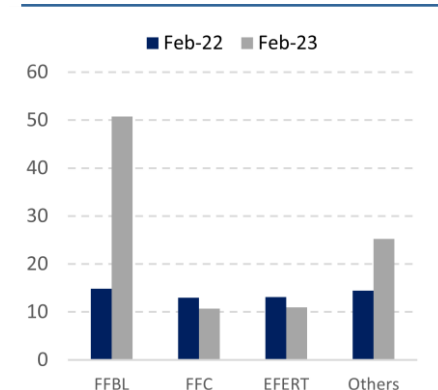
Source: NFDC, Akseer Research

Fertilizer Feb-23 Offtake and Inventory ('000) tons

Period	Feb-22	Jan-23	Feb-23	MoM	YoY	2MCY22	2MCY23	YoY	Current Inv.
<b>Urea:</b>									
FFC	212	216	201	-7%	-5%	437	417	-5%	20
EFERT	170	215	187	-13%	10%	378	402	6%	2
FATIMA	75	50	39	-21%	-48%	175	89	-49%	1
FFBL	39	6	27	NM	-31%	73	33	-55%	2
AGL	30	3	1	-69%	-97%	61	3	-94%	1
Imported	-	142	48	NM	NM	-	190	NM	27
<b>Industry</b>	<b>527</b>	<b>631</b>	<b>503</b>	<b>-20%</b>	<b>-5%</b>	<b>1,125</b>	<b>1,134</b>	<b>1%</b>	<b>54</b>
<b>DAP:</b>									
FFBL	15	54	51	-6%	2.4x	77	105	36%	96
FFC	13	9	11	16%	-18%	19	20	3%	58
EFERT	13	22	11	-50%	-16%	36	33	-9%	3
Others	14	11	25	129%	74%	36	36	1%	107
<b>Industry</b>	<b>55</b>	<b>96</b>	<b>98</b>	<b>2%</b>	<b>76%</b>	<b>168</b>	<b>193</b>	<b>15%</b>	<b>263</b>
<b>CAN:</b>									
FATIMA Group	70	67	41	-38%	-41%	146	108	-26%	0
<b>Industry</b>	<b>70</b>	<b>67</b>	<b>41</b>	<b>-38%</b>	<b>-41%</b>	<b>146</b>	<b>108</b>	<b>-26%</b>	<b>0</b>

Source: NFDC, Akseer Research

DAP offtake (K. tons)



Source: NFDC, Akseer Research

**Industry urea offtake decreased by 5% YoY in Feb-23:**

Industry urea offtake decreased by 5% YoY to 503k tons in Feb-23. We believe, the decrease in offtake is due to the pre-buying at the start of Rabi sowing season (mainly Dec-22). For 2MCY23, Urea offtake remained flattish at 1,134k tons. Urea production during Feb-23 stood at 455k tons down ~13% YoY, due to discontinuation of gas supply to RLNG based plants (Fatima Fert & AGL). The country's urea inventory at end of Feb-23 stood at 54k tons (69k tons in SPLY).

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**DAP offtake increased by 76% YoY to 98k tons in Feb-23:**

DAP offtake for Feb-23 increased by 76% YoY to 98k tons. Local DAP prices have again started their up-ward trajectory and have crossed PKR 10,434/bag, up 12% YoY. Despite decline in international DAP prices to USD 635/ton from USD 890/tons SPLY, domestic prices remained elevated due to steep currency devaluation (52% YoY). For 2MCY23, DAP offtake arrived at 193k tons up 15% YoY, while the Feb-end inventory levels were at 263k tons (259k tons in SPLY).

**Sector Outlook:**

EFERT has increased the urea prices by PKR 554/bag from 31<sup>st</sup> March 2023, to pass on the gas price increase impact. We expect the domestic DAP prices to remain elevated due to the continuous devaluation of PKR against USD. We expect the price increases would impact the fertilizer mix as farmer would find it hard to apply costly fertilizers.

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