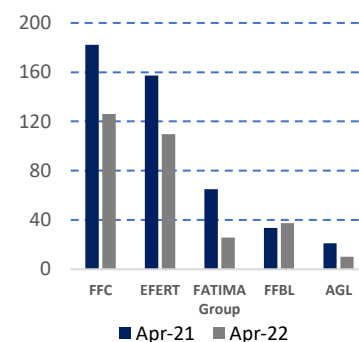


Fertilizer Sector
 Offtake Update

Pakistan Research
Fertilizer: Shortage fears uplift Urea offtake to 459k tons in April-22, up 48% YoY

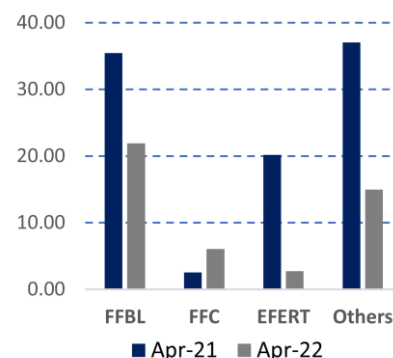
- As per the data released by NFDC, Urea offtake increased by 48% YoY to 459k tons, while DAP offtake reported at 95k tons vs 46k tons in the SPLY. For 4MCY22, Urea offtake exhibit an increase of 23% YoY to 2.1mn tons, while DAP offtake plunged to 343k tons, witnessing a decline of 5% YoY.
- Within the urea segment, FFC sold 182k tons in April-22 followed by EFERT with 157k tons. FFBL and Fatima offtake clocked in at 33k tons and 65k tons, while AGL urea sales number stood at 21k tons in April-22.
- On the other hand, FFBL DAP offtake stood at 35k tons, while FFC and EFERT offtake clocked in at 3k tons and 20k tons.
- Overall industry's CAN offtake shrunk by 18% YoY to 57k tons.
- During April-22, domestic urea prices averaged at PKR 1,998/bag, up by ~17% YoY. Similarly, DAP prices also continued their upward trend and increased to PKR 9,396/bag, up ~73% YoY.
- We expect urea offtake to remain elevated at ~6.3mn tons during CY22 due to improving agro-economics, low water availability and probable cross-border movement due to higher delta between international and domestic prices. DAP offtake is expected to remain dull in CY22 for being costlier.

Urea offtake in ('000) tons



Source: NFDC, Akseer Research

DAP offtake in ('000) tons



Source: NFDC, Akseer Research

Fertilizer April-22 Offtake and Inventory ('000) tons

Period	Apr-21	Mar-22	Apr-22	MoM	YoY	4MCY21	4MCY22	YoY	Current Inv.
Urea:									
FFC	126	194	182	-6%	44%	701	813	16%	67
EFERT	110	171	157	-8%	43%	712	706	-1%	65
FATIMA	26	74	65	-12%	152%	172	314	83%	50
FFBL	37	44	33	-24%	-10%	107	150	40%	19
AGL	10	27	21	-21%	108%	15	109	NM	17
Imported	-	-	-	-	-	-	-	-	100
Industry	309	509	459	-10%	48%	1,707	2,092	23%	318

DAP:

FFBL	22	38	35	-6%	62%	139	150	8%	147
FFC	6	6	3	-58%	-58%	34	28	-18%	22
EFERT	3	21	20	-4%	NM	57	77	35%	42
Others	15	15	37	148%	147%	130	88	-32%	155
Industry	46	80	95	20%	108%	360	343	-5%	366

CAN:

FATIMA Group	70	69	57	-16%	-18%	317	272	-14%	20
Industry	70	69	57	-16%	-18%	317	272	-14%	20

Source: NFDC, Akseer Research

Industry urea offtake up 48% YoY in April-22:

Industry urea offtake increased 48% YoY to 459k tons in April-22 due to prebuying for the coming Kharif season on the back of shortage fears and probable cross-border movement due to domestic Urea being available at steep discount of ~80% from international prices. Low availability of the water during the Kharif sowing further fuelled the Urea demand. This takes cumulative offtake for 4MCY22 to 2.1mn tons, up 23% YoY.

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DAP demand improved by 108% YoY to 95k tons in April-22:

Industry DAP offtake recorded a significant jump of 108% YoY to 95k tons mainly due to low base effect. During April-22, DAP price averaged at PKR 9,396/bag, while it is currently trading above PKR 10,500/bag in the local market. For 4MCY22, DAP offtake declined by 5% YoY to 343k tons on back of elevated prices.

Sector Outlook:

The resumption of RLNG based plants' operations and government decision to import 200k tons of Urea would ensure the better availability during the on-going Kharif season. However, Urea manufacturers decision to halt the supply due to price cap enforced by the government at PKR 1,768/bag would lead to panic buying. This could result in urea price appreciation in the local market.

On the other hand, with all time high prices, DAP demand is expected to remain constrained during CY22.

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