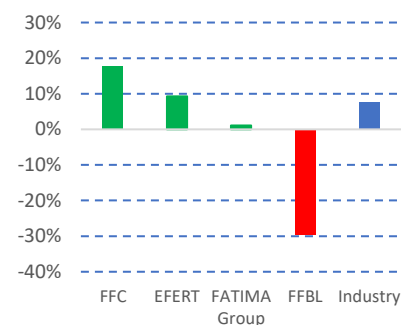


Fertilizer Sector
 Offtake Update

Pakistan Research
Fertilizer: Nov-21 Urea offtake up 8% YoY; DAP sales down 40% YoY

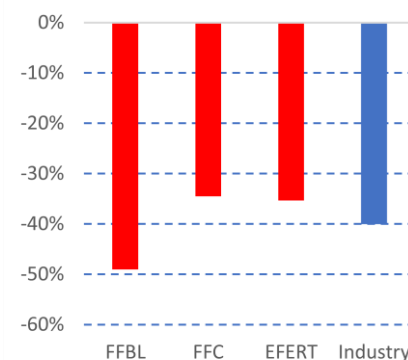
- Urea offtake sustained positive trend for another month, up 12%/8% MoM/YoY to 574k tons during Nov-21 mainly driven by demand from ongoing Rabi season. On the other hand, DAP offtake declined 36%/40% MoM/YoY attributable to exorbitant increase in DAP prices. Cumulatively for 11MCY21, urea offtake surged 11% YoY to 5.7mn tons while the DAP offtake declined 10% YoY to 1.8mn tons.
- Within urea segment, FFC remained the market leader with 221k tons urea sales (+18% YoY), followed by EFERT with 201k tons sales (+9% YoY).
- For DAP, offtake declined across the board as FFBL offtake fell by 49% YoY to 81k tons followed by EFERT's imported DAP sales down by 35% YoY to 22k tons. FFC's DAP offtake clocked in at 36k tons down 34% YoY during Nov-21.
- Overall industry's CAN offtake surged 10% YoY to 52k tons, however, down 51% MoM due to pre-buying in the preceding month.
- During the month, local urea prices were up by ~10% MoM to PKR 1,974/bag. Local DAP prices also continued upward trajectory, up ~16% MoM to PKR 8,015/bag.
- We expect the urea offtake to settle around 6.3-6.4mn tons for CY21 as the Rabi season's demand materializes, however, DAP offtake is expected to post double digit decline with its prices keep rising to new highs.

Urea offtake growth YoY (November-21)



Source: NFDC, Akseer Research

DAP offtake growth YoY (November-21)



Source: NFDC, Akseer Research

Fertilizer Nov-21 Offtake and Inventory ('000) tons

Period	Nov-20	Oct-21	Nov-21	MoM	YoY	11MCY20	11MCY21	YoY	Change in Inv.
Urea:									
FFC	187	203	221	9%	18%	2,183	2,245	3%	(5)
EFERT	184	161	201	24%	9%	1,829	2,107	15%	(14)
FATIMA	74	79	75	-5%	1%	571	741	30%	(21)
FFBL	62	44	43	-2%	-30%	490	470	-4%	(1)
Industry	533	514	574	12%	8%	5,159	5,744	11%	(42)
DAP:									
FFBL	158	118	81	-32%	-49%	848	713	-16%	(6)
FFC	54	49	36	-28%	-34%	189	200	6%	(36)
EFERT	34	67	22	-67%	-35%	371	287	-23%	8
Industry	367	342	220	-36%	-40%	1,966	1,764	-10%	(115)
CAN:									
FATIMA	47	106	52	-51%	10%	580	832	43%	(9)
Industry	47	106	52	-51%	10%	580	832	43%	(9)

Source: NFDC, Akseer Research

Industry urea offtake up 12%/8% MoM/ YoY

Industry urea offtake rose 12%/28% MoM/ YoY to clock in at 574k tons in Nov-21 attributable to seasonal demand. Cumulatively, urea offtake during 11MCY21 posted positive trend, up 11% YoY, with major volumetric contribution coming from FFC, with 2.25mn offtake followed by EFERT with 2.11mn offtake.

DAP demand remains sluggish in Nov-21

Industry DAP offtake declined 36%/40% MoM/YoY to 220k tons due to the surge in the DAP prices by ~16% MoM. For 11MCY21 DAP offtake was down 10% YoY to 1.77mn tons, with FFBL maintaining its market leader position with 40% share, followed by FFC with 39% market share.

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CAN offtake decline 51% MoM

Industry CAN offtake (Fatima Group) declined by 51% MoM which could be due to prebuying by the dealers in the previous month. Cumulatively in 11MCY21, CAN offtake grew by 43% YoY to 832k tons.

Sector Outlook: Urea offtake to closed at 6.3-6.4mn tons during CY21

We expect urea demand, to reach at 6.3-6.4mn tons as the December offtake averages around 700K tons due to improving farm economics. With record low inventory levels of just 98K tons and suspension of gas to the FFBL, more imports would be required to fulfil the Rabi demand. For DAP, the continuous surge in prices would further dampen the demand as the prices in the domestic market surge to PKR 8,900/bag lately.

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