



FMB

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# Latin America Market Outlook

Fertilizer Outlook and Technology Conference

Blake Hurtik, Editor  
15 November 2016

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Events

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# Introduction and agenda


- Argus FMB: who we are
- Major market themes
- Brazil overview
- Argentina overview
- What lies ahead

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# Argus FMB Fertilizer

- FMB acquired in 2011
- Founded in 1982, FMB leads global fertilizer coverage
- North American Fertilizer launched in 2012
- Brazil Fertilizer launched in 2015
- NPK report launched in 2016



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## Argus FMB Fertilizer Brazil

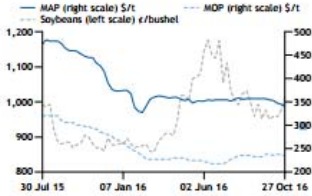
Market prices, commentary and news

Issue 16-43 | Friday 28 October 2016

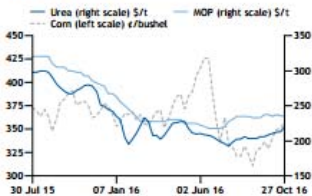
### HIGHLIGHTS

- Granular urea up to \$217-221/t cfr
- MAP 11-52-0 down to \$335-345/t cfr
- Granular MOP decreases to \$230-240/t cfr
- Road freights increase in Vitoria

Soybeans vs phosphate, potash



Corn vs urea, potash



### MARKETS SNAPSHOT

Imports: bulk, cfr Brazil			\$/t
	27 Oct	20 Oct	Δ
Granular urea	219-221	215-215	-5.5
Pelleted urea	207-211	202-205	-5.5
Standard AS (raprolactam)	100-100	118-130	+1.0
MAP 11-52	335-345	340-348	-4.0
TSP	270-285	272-290	-3.5
Granular MOP	230-240	232-240	-1.0


Inland: bulk, cfr Rondonopolis/Sorriso			\$/t
	27 Oct	20 Oct	Δ
Granular urea	307-311	305-308	+2.5
Granular AS	260-280	247-267	+13.0
MAP 11-52-0	425-473	433-441	+12.0
TSP	360-386	349-358	+19.5
SP 19-21% P2O5	252-287	253-286	0.0
Granular MOP	320-330	325-333	-4.0

Spot freight rates to Brazil			\$/t
Product: Route, tonnage	27 Oct	20 Oct	Δ
Urea: Middle East - Brazil 30,000-35,000t	14-15	14-15	0.0
Urea: Black Sea - Brazil 30,000-35,000t	16-17	16-17	0.0
MAP/MOP: Baltic - Brazil 25,000-35,000t	14-14	14-14	0.0

Crop futures prices			
	Oct 16	Dec 16	Mar 17
Chbt soybeans \$/bushel	10.31	10.36	10.40
Chbt corn \$/bushel	3.58	3.66	3.73
Ice sugar No. 11 #/lb	22.59	22.03	21.39
Ice coffee #/lb	164.80	168.30	170.40
Ice cotton #/lb	69.76	70.28	70.68

Related markets			\$/t
	27 Oct	20 Oct	Δ
Ethanol Chbt #/USG	163.9	159.2	+4.7

Exchange rate			
	27 Oct	20 Oct	Δ
R\$	3.1592	3.1665	-0.0073



View the methodology used to assess fertilizer prices at [www.argusmedia.com/methodology](http://www.argusmedia.com/methodology). Your feedback is always welcome at [fertilizantes@argusmedia.com](mailto:fertilizantes@argusmedia.com).


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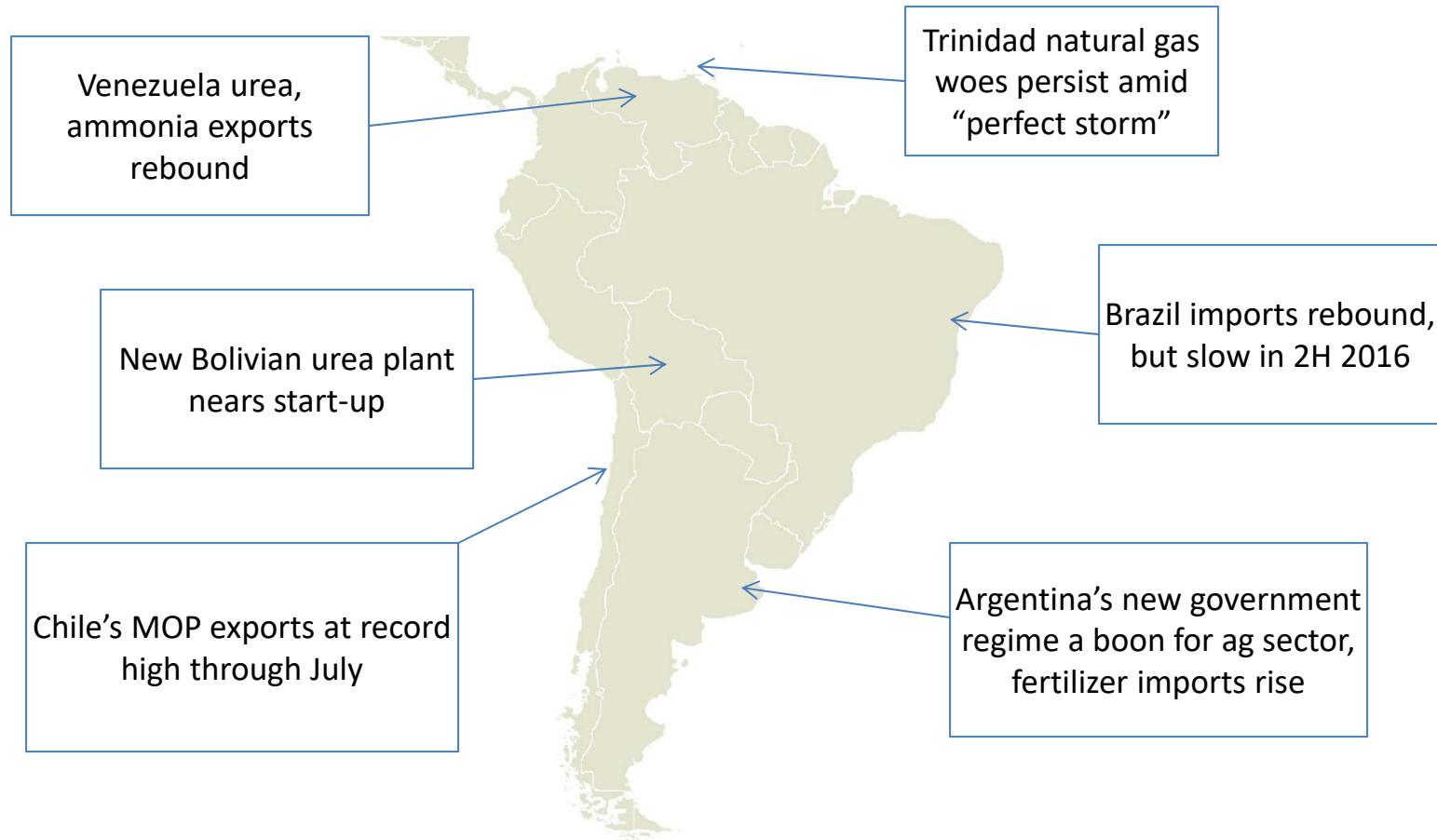
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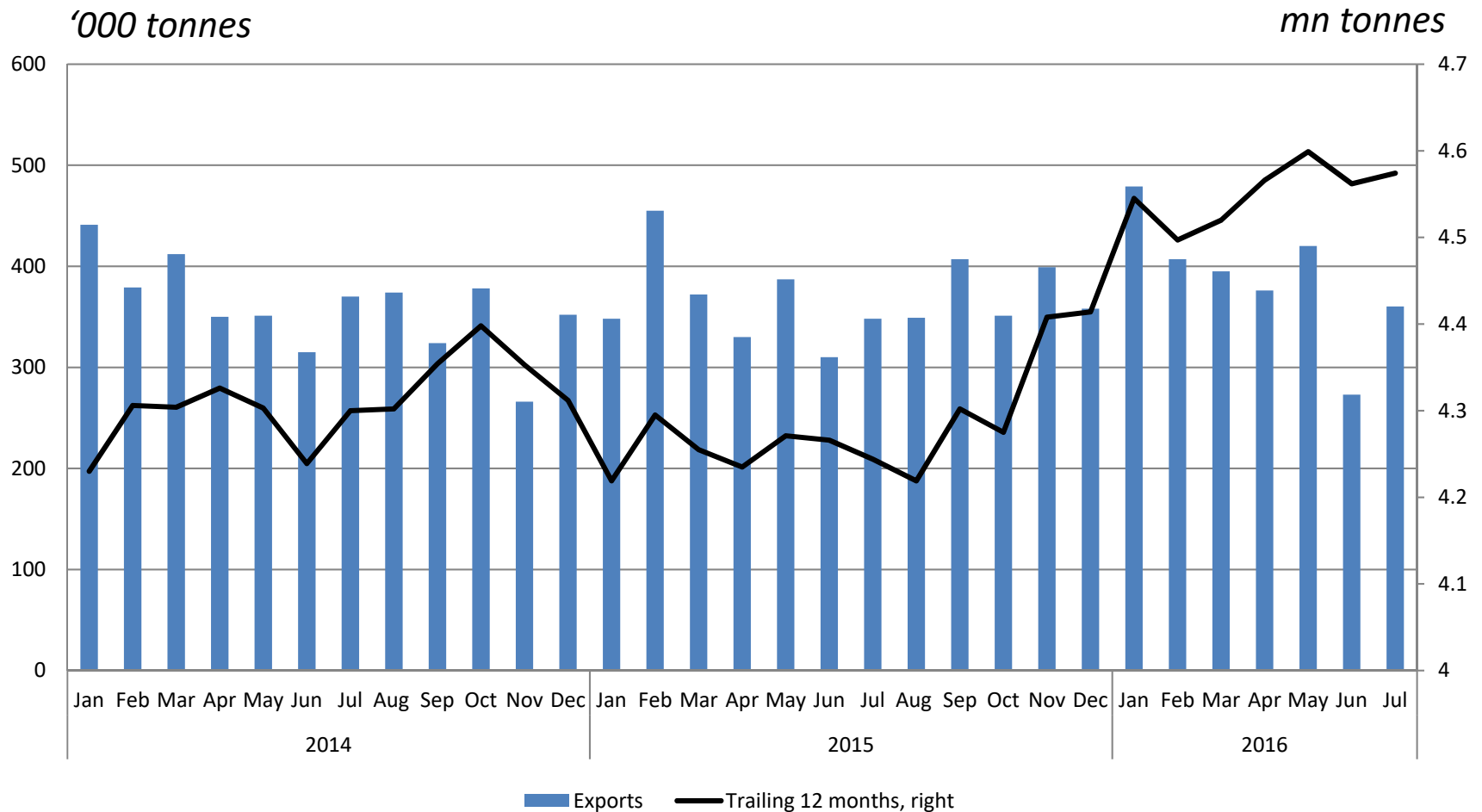
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# Latin American market highlights in 2016

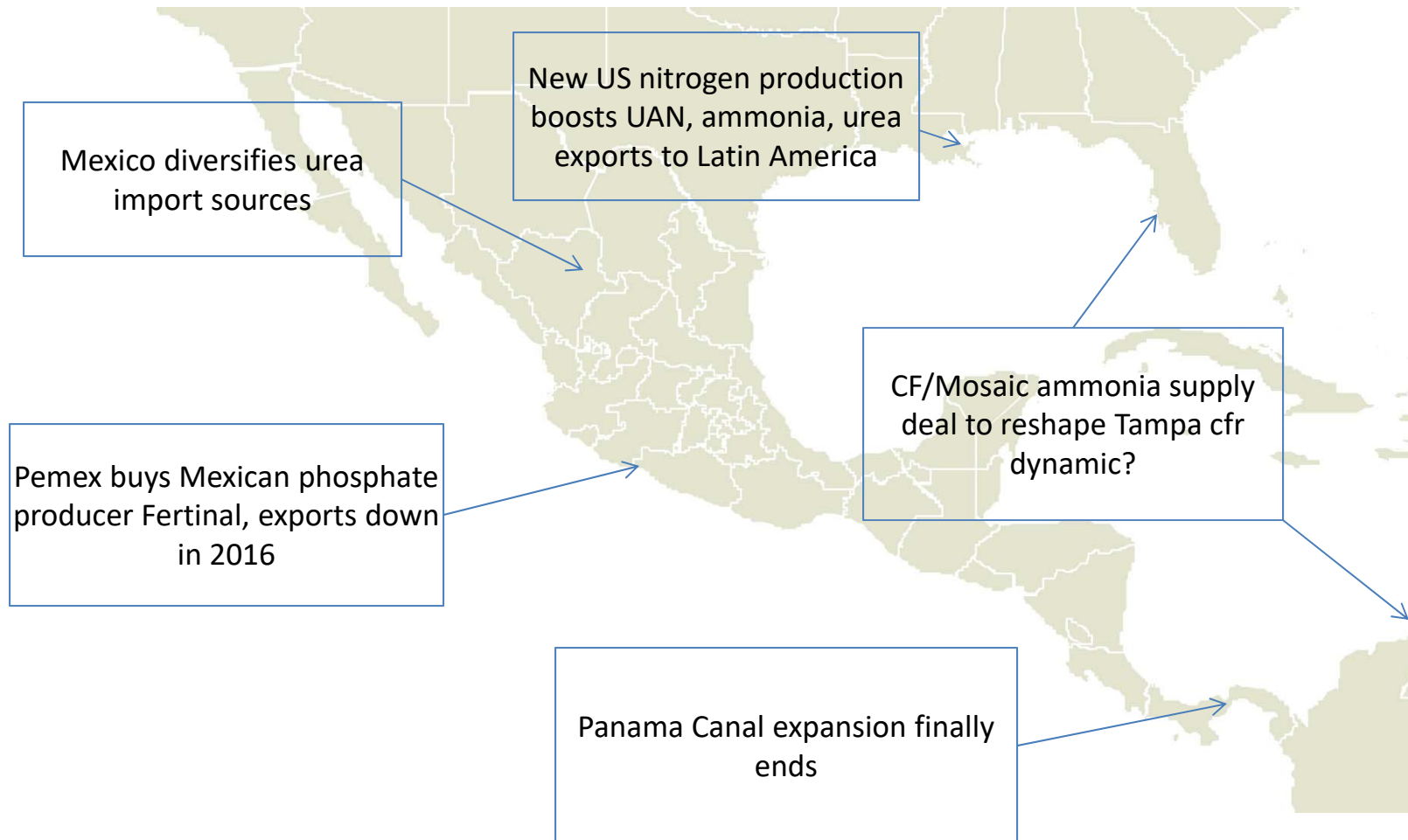


# Trinidad ammonia exports



Source: Central Bank of Trinidad & Tobago

# Latin American market highlights in 2015-16

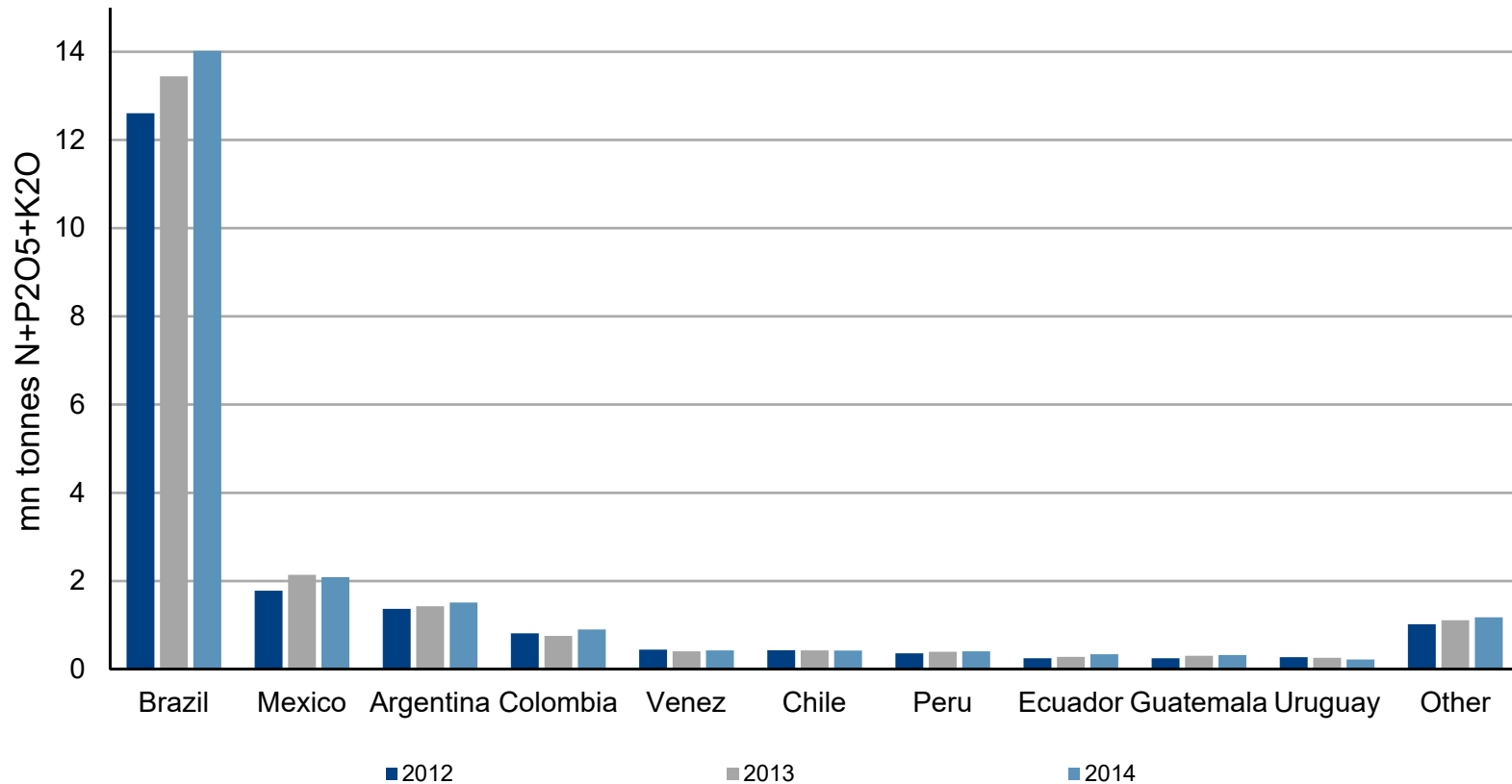


## Limited production, import reliant



- Latin America ammonia capacity of about 13mn t/yr in 2016
- Urea capacity: 8.4mn t/yr (prilled and granular)
- Finished phosphate: 4.5mn t/yr
  - Just 1.5mn t/yr MAP
- Small MOP production in Chile, Brazil

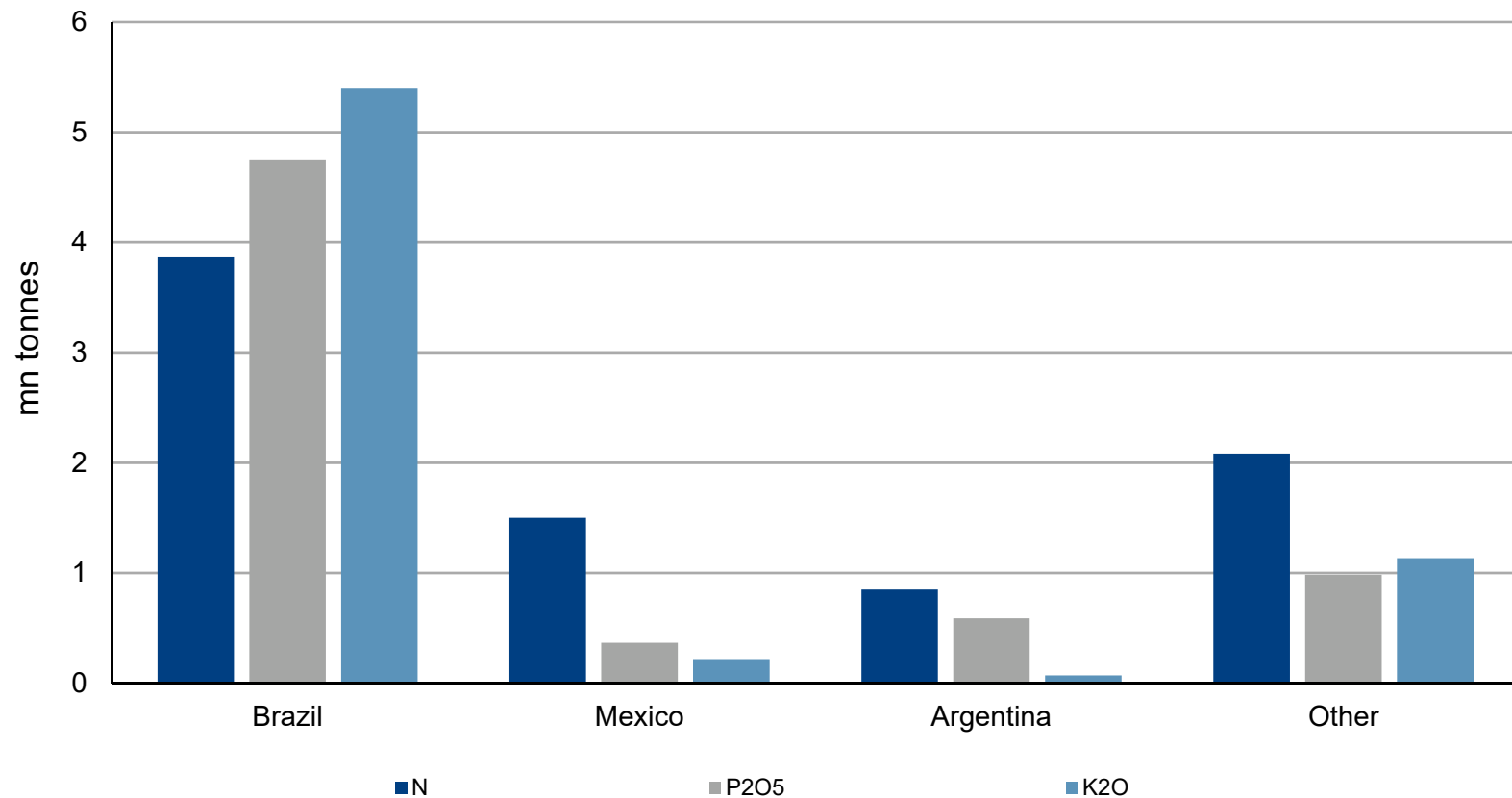
# Latin American fertilizer consumption



Source: IFA

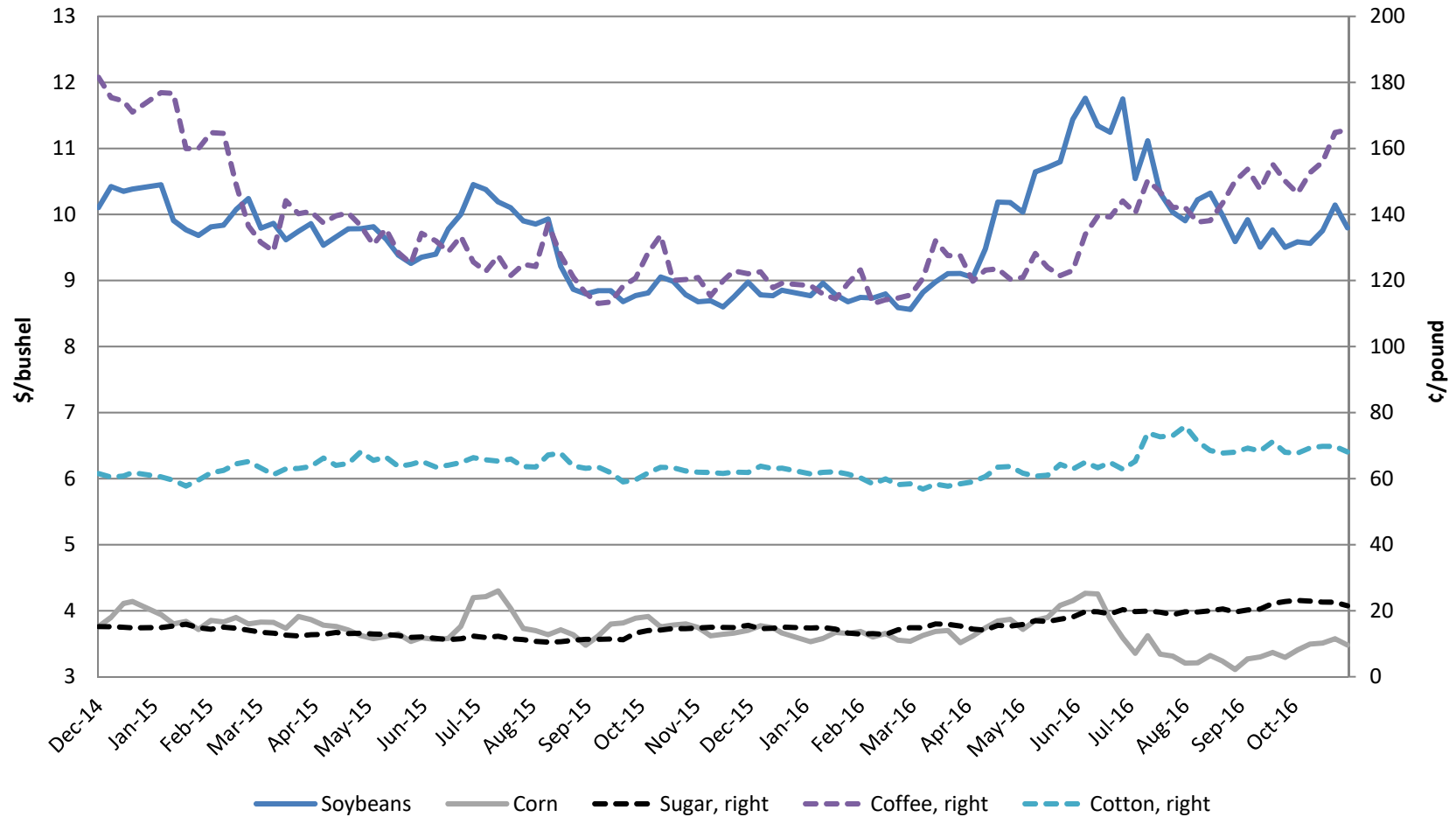


## Fertilizer consumption by nutrient (2014)



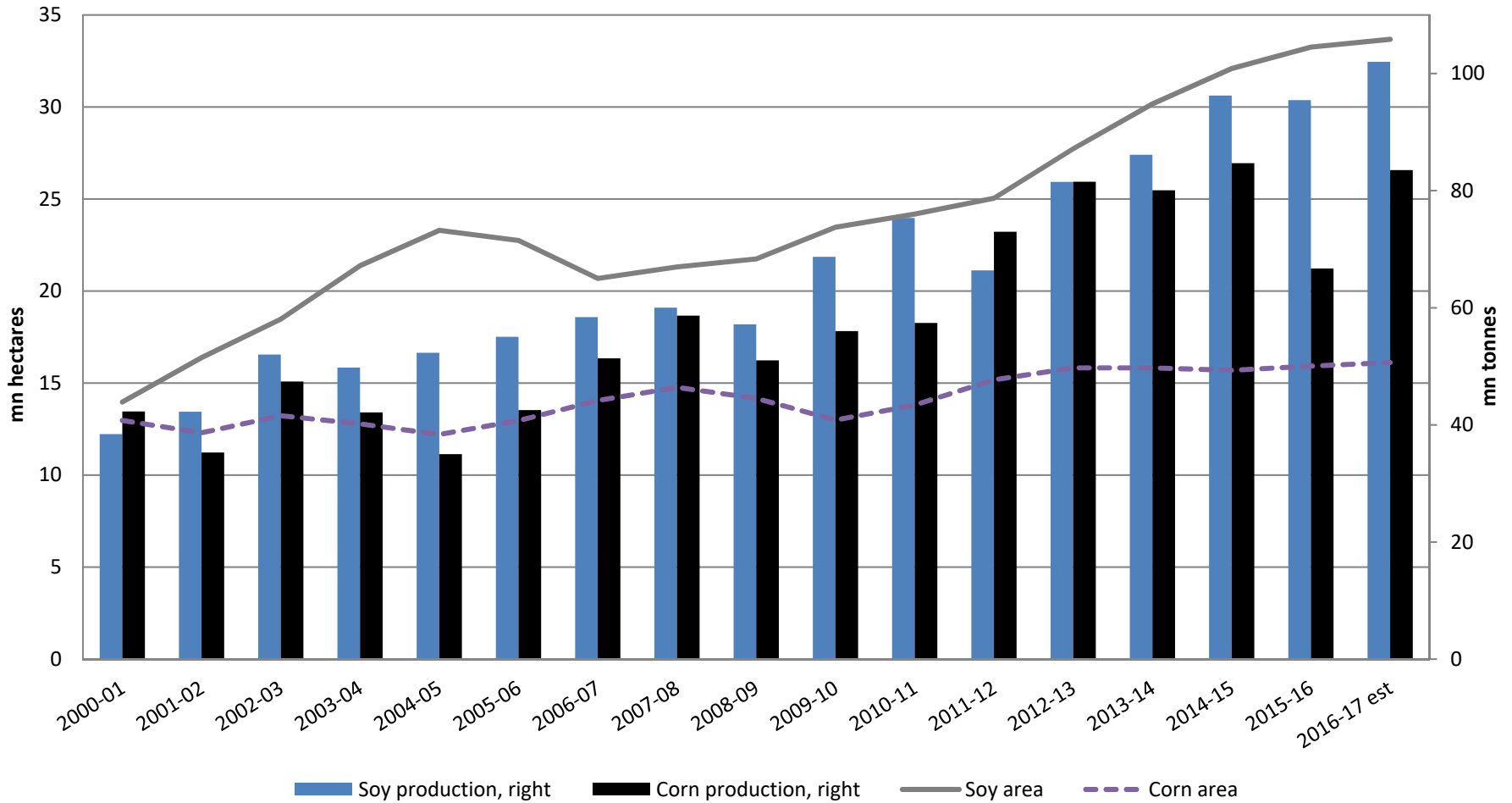
Source: IFA

# Key Brazil crops



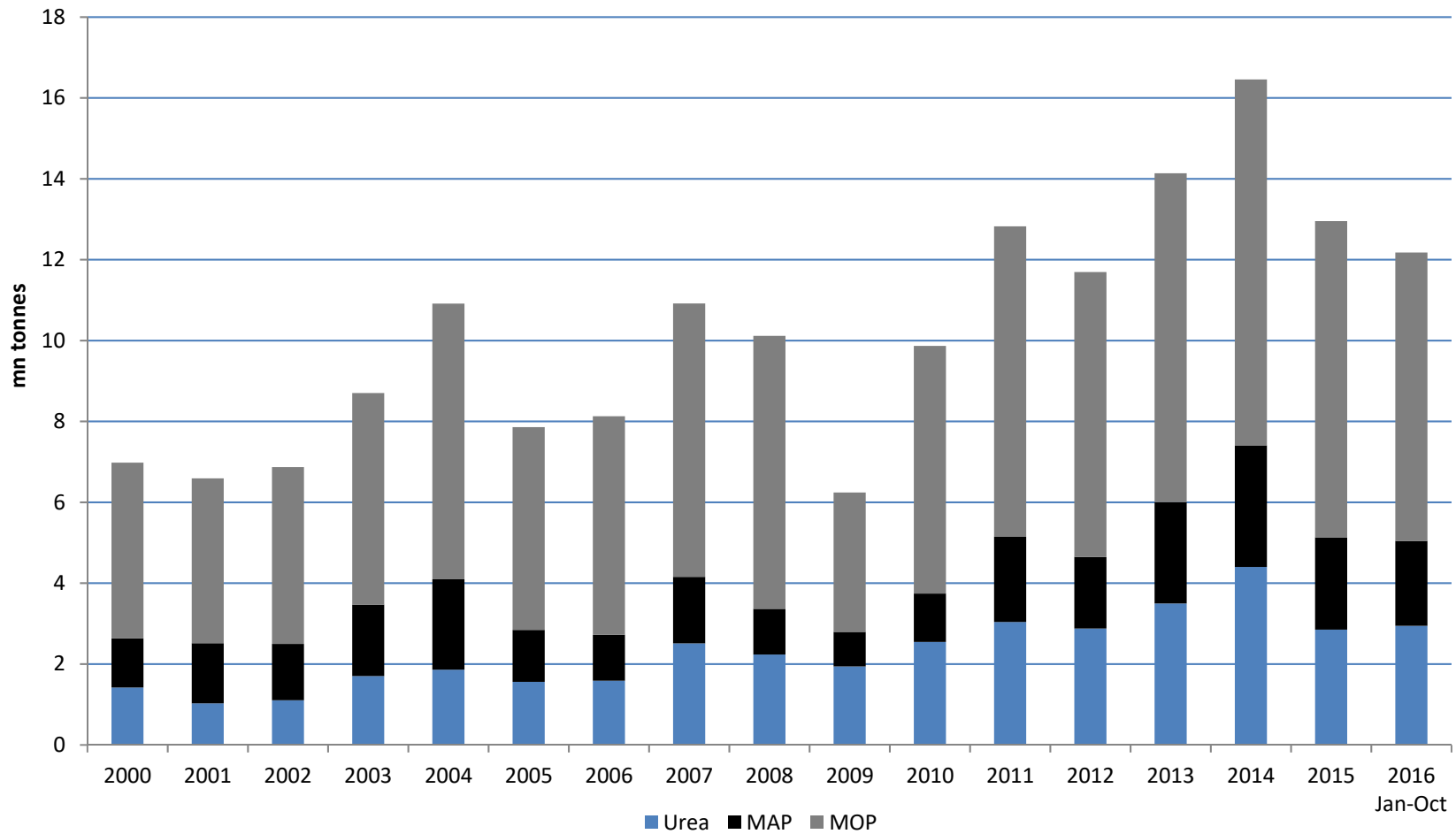
Source: Cbot, Ice

# Brazil soybean and corn production



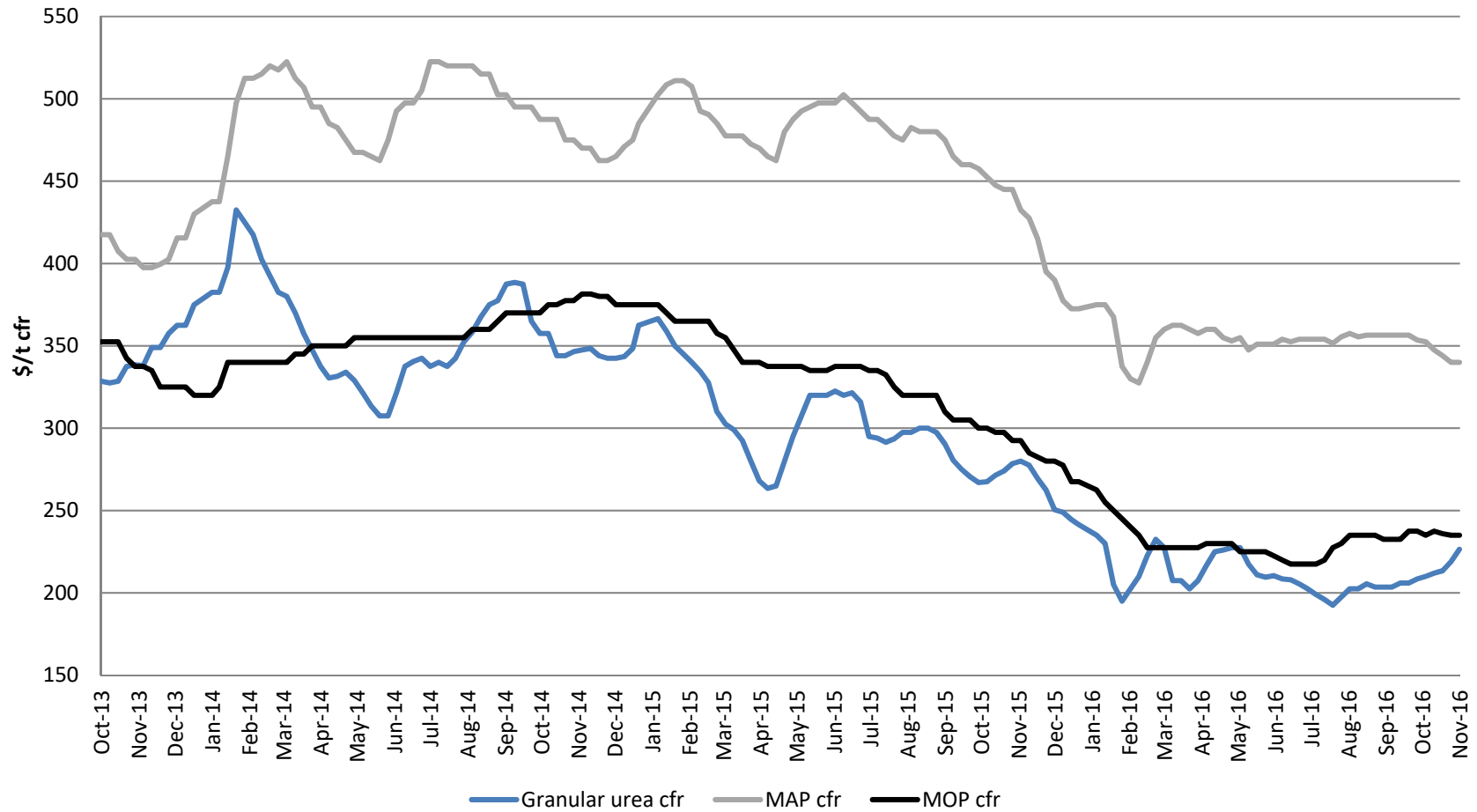
Source: Conab

# Brazil fertilizer imports

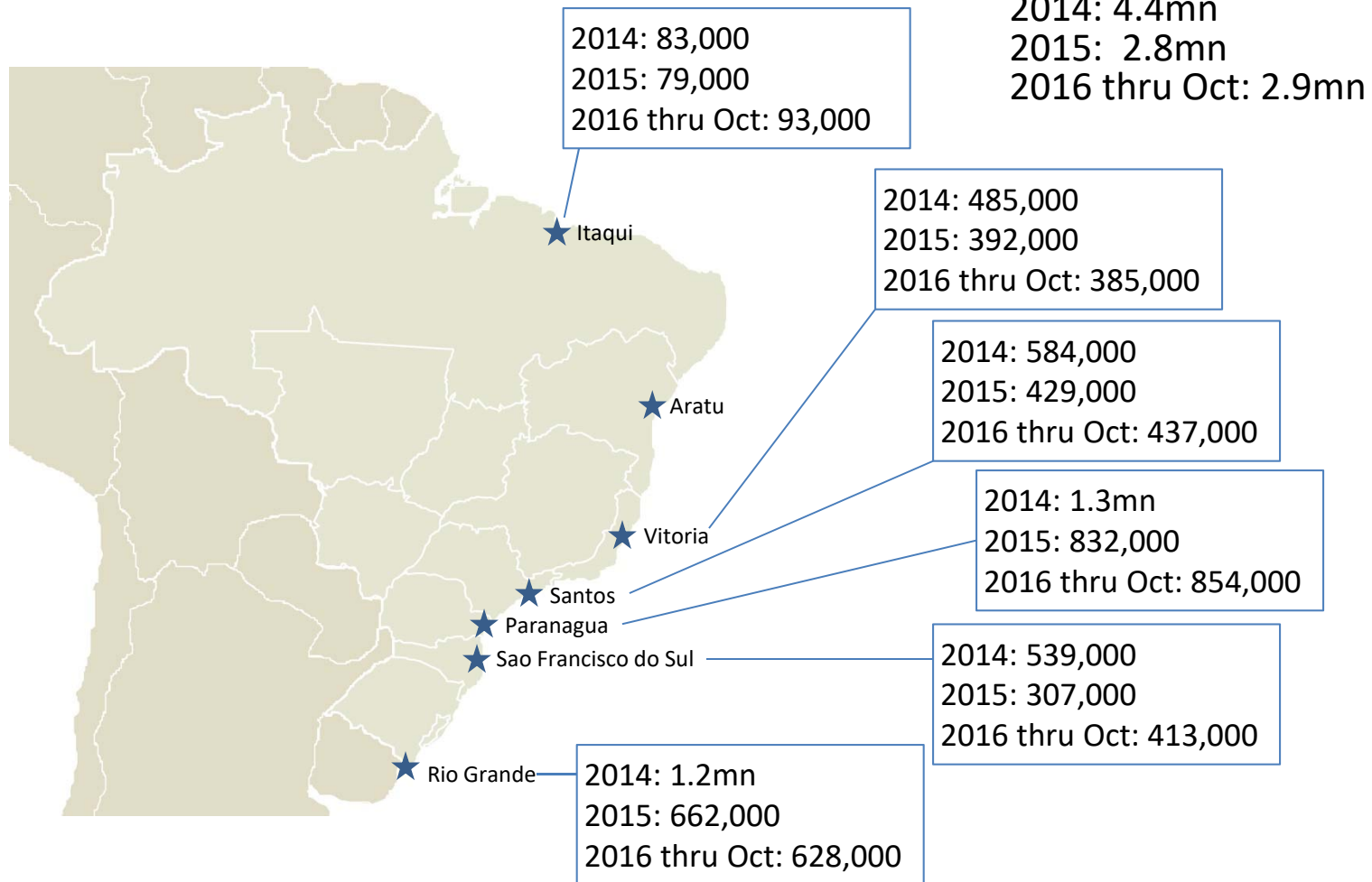


Source: MDIC

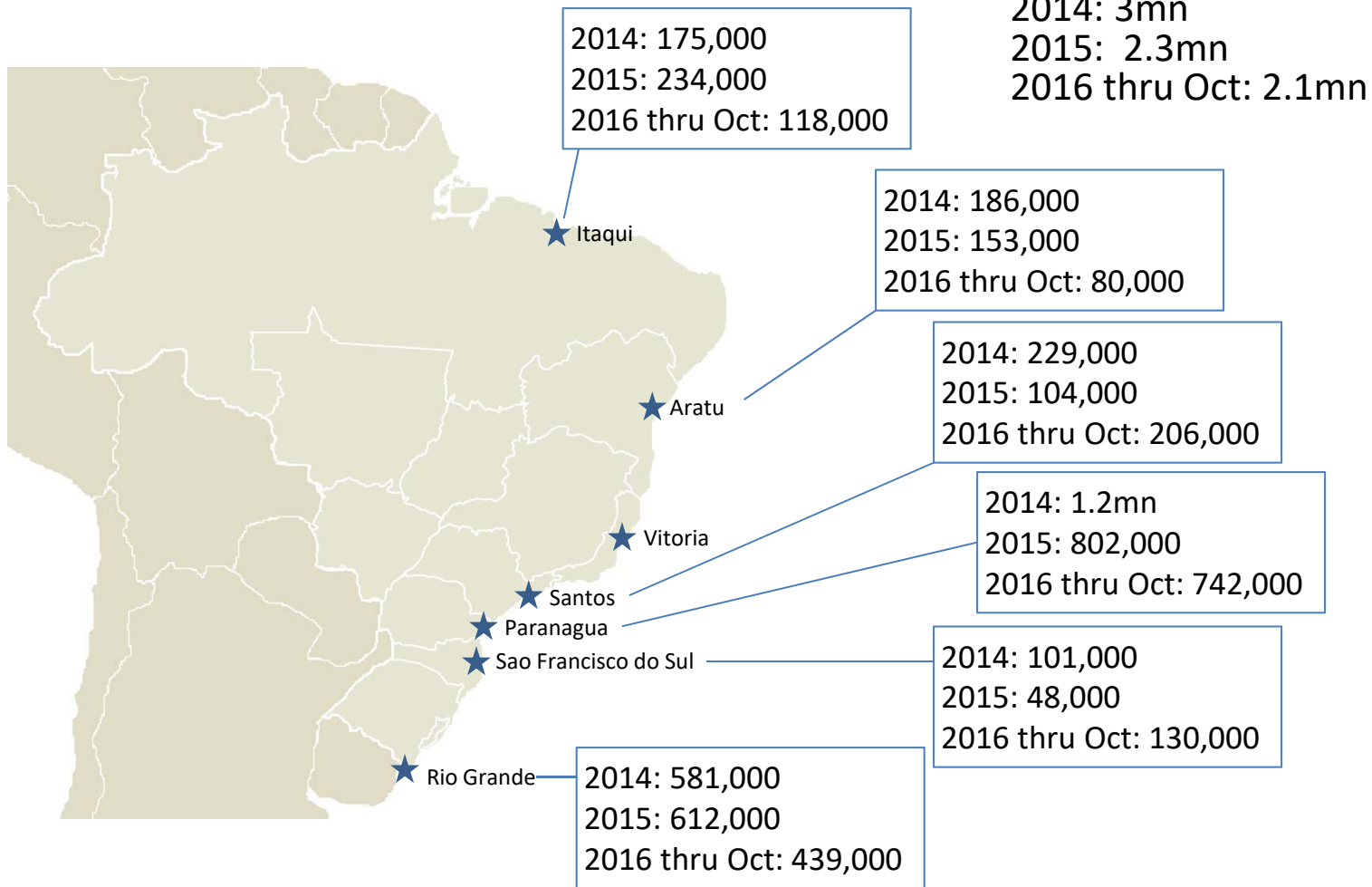
# Key Brazil fertilizer import prices



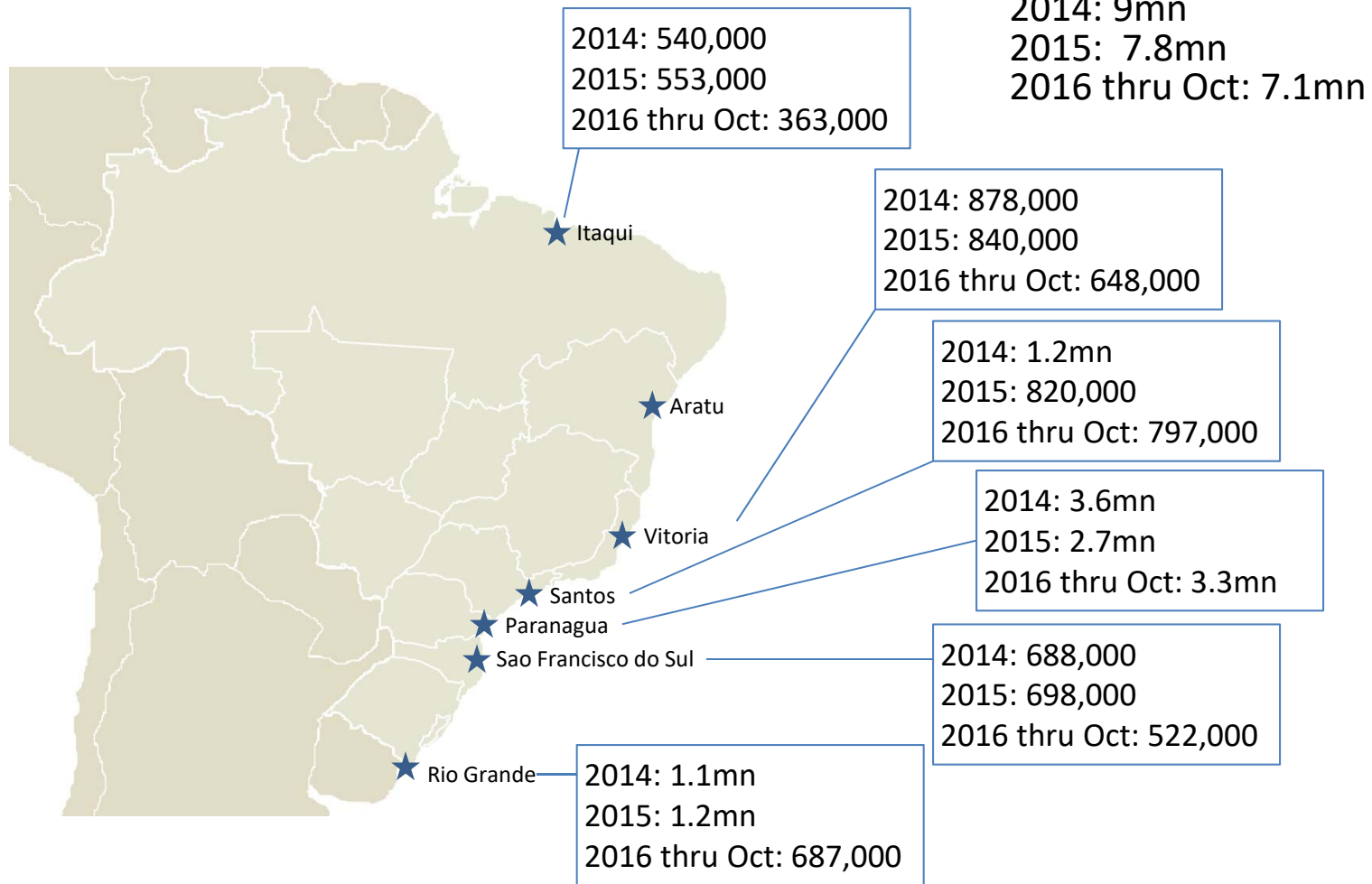
# Brazil urea imports by port



# Brazil MAP imports by port

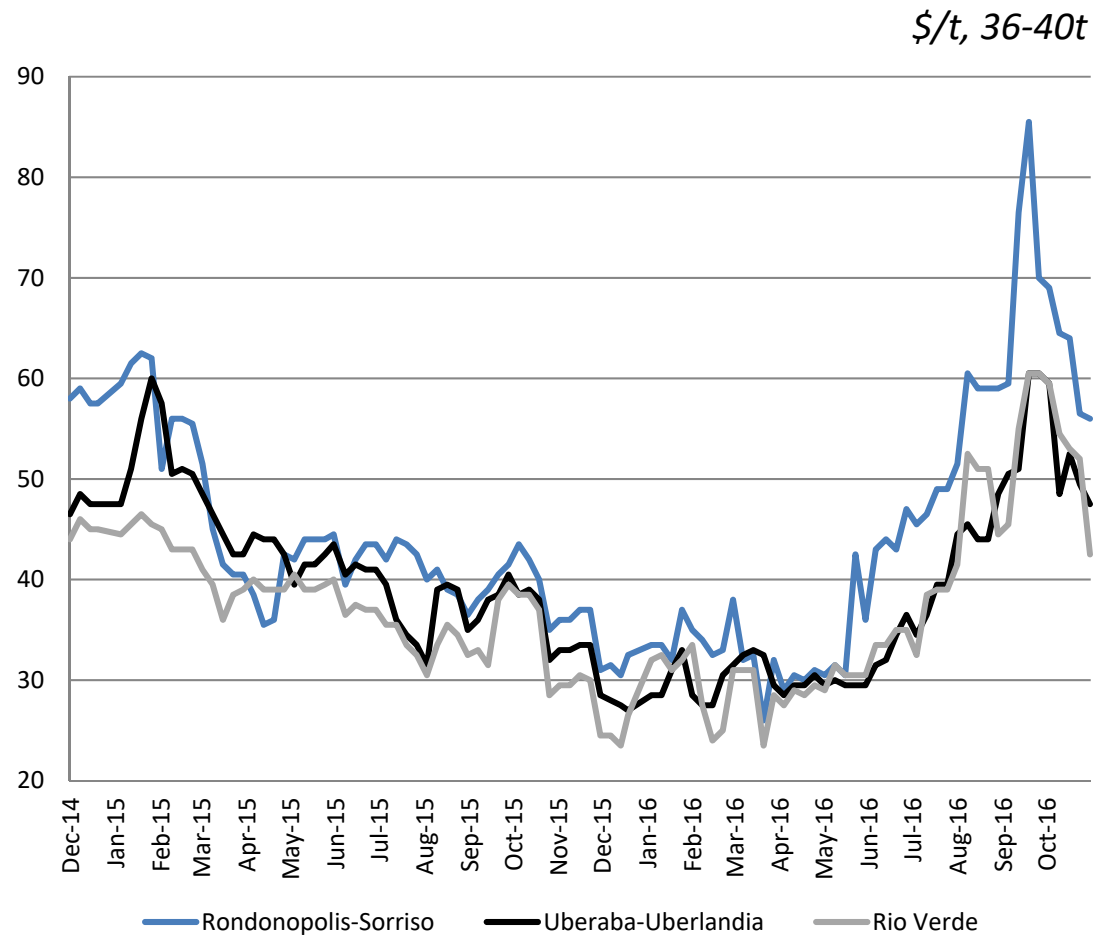


# Brazil MOP imports by port





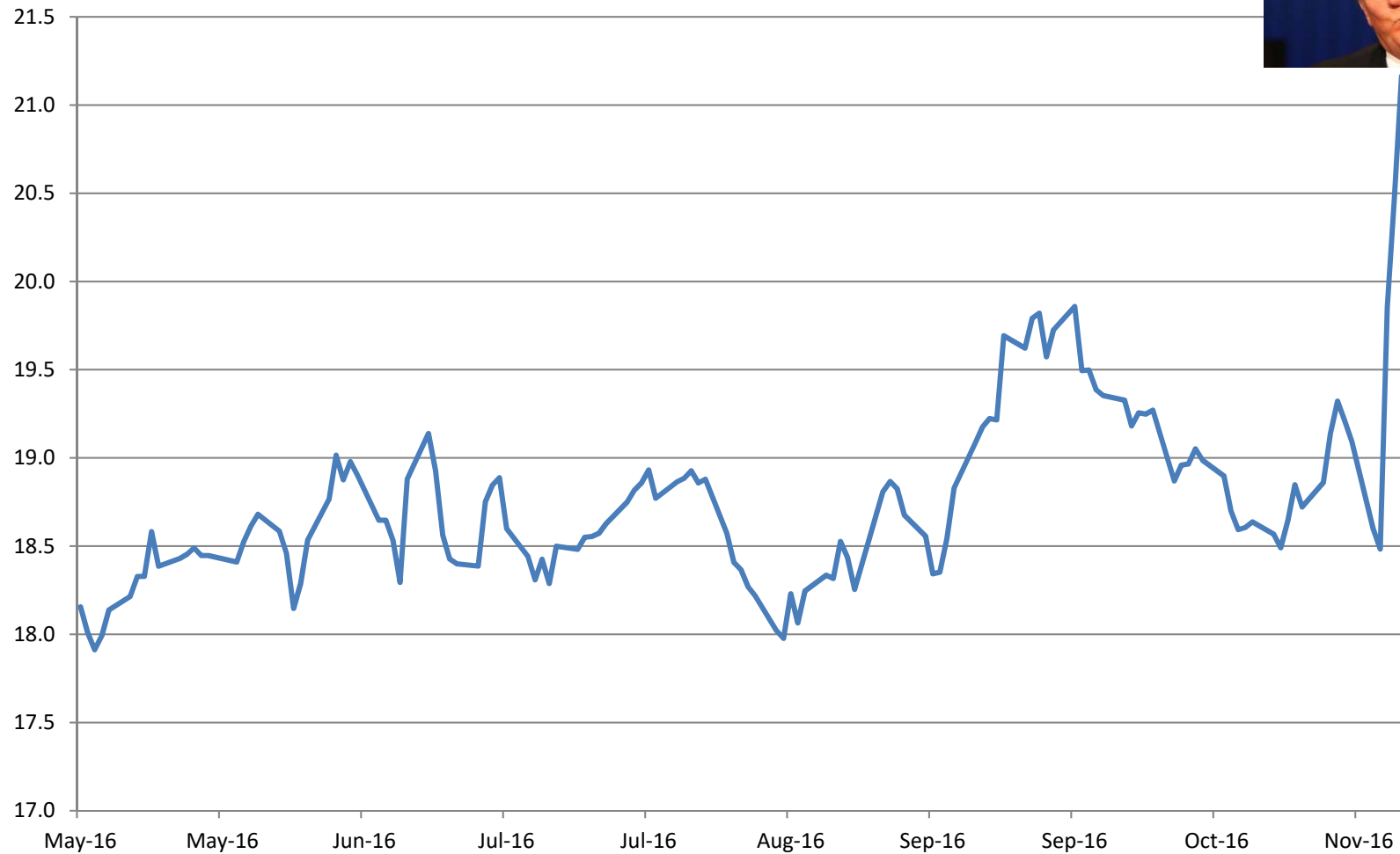
# Brazil volatile truck freight rates



# Exchange rate volatility: USD vs BRL



# Speaking of volatility, the Mexican peso...



## Brazil market outlook

- Higher corn area for safrinha driven by higher prices
  - Drought reduced prior harvest output, drained stocks
  - Soybean area flat
- Rising global prices for urea and potash
  - What does China do in 2017?
  - Effect of new US production
- Phosphate prices under pressure
  - New Moroccan capacity in 2017
  - Chinese producer to cut back?
- More consolidation?

Brazil for sale

**BUNGE**



2013: \$750mn



2014: \$350mn



2016: \$590mn



**VALE**

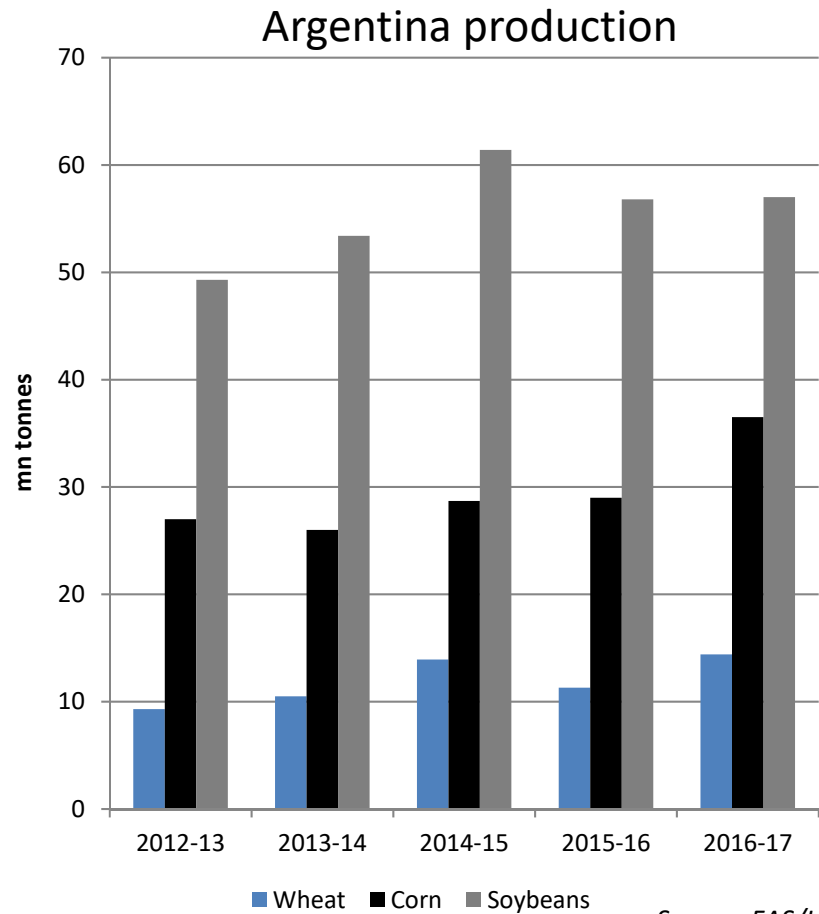


# Argentina does the Macri-ena



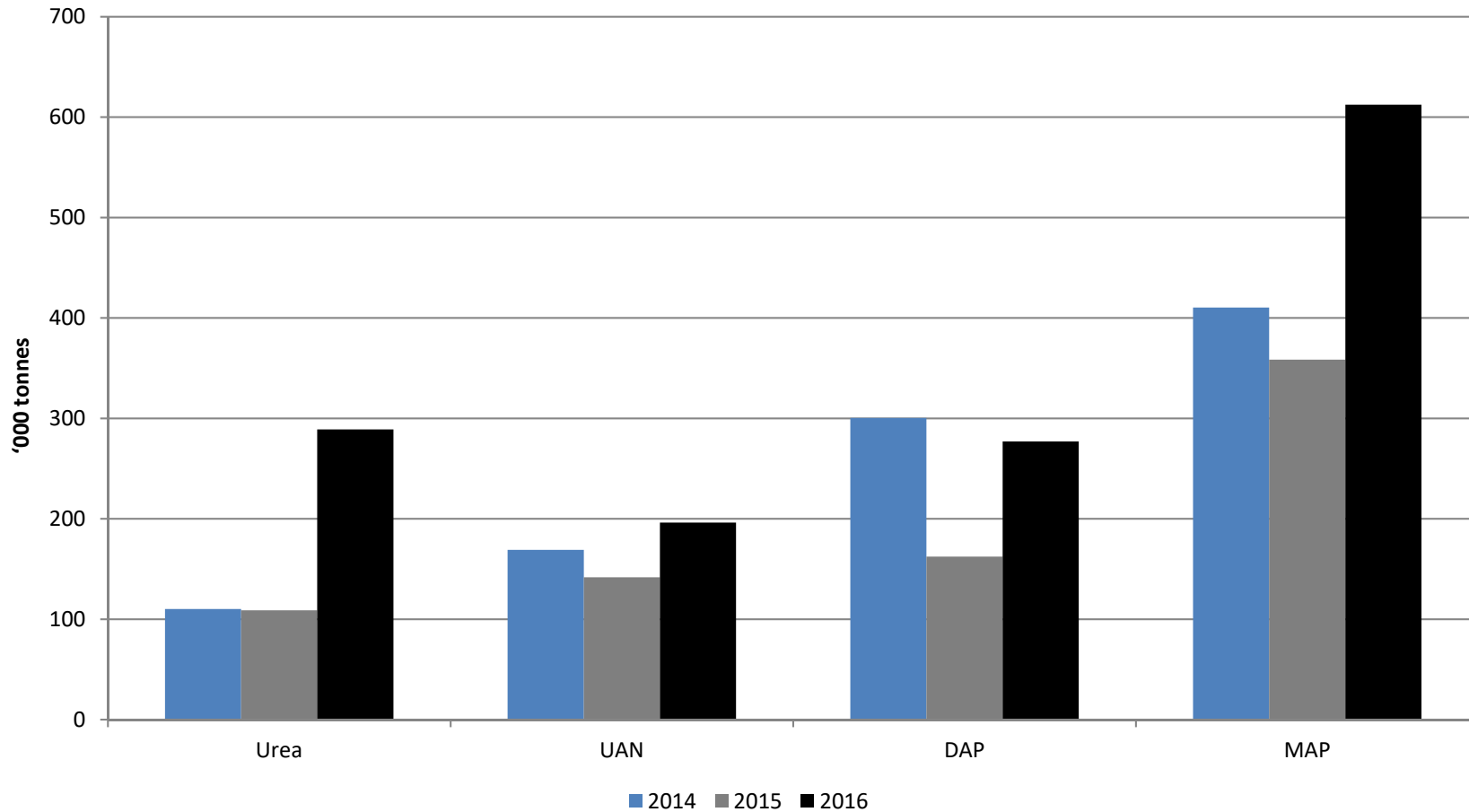
## Macri reforms boost agriculture

- Eliminated export taxes for corn and wheat
  - Corn plantings jump, production estimated up by 26pc from 2015-16
- Reduced soybean export taxes by five points to 30pc
- Floated the currency
- Fertilizer imports jump



Source: FAS/USDA

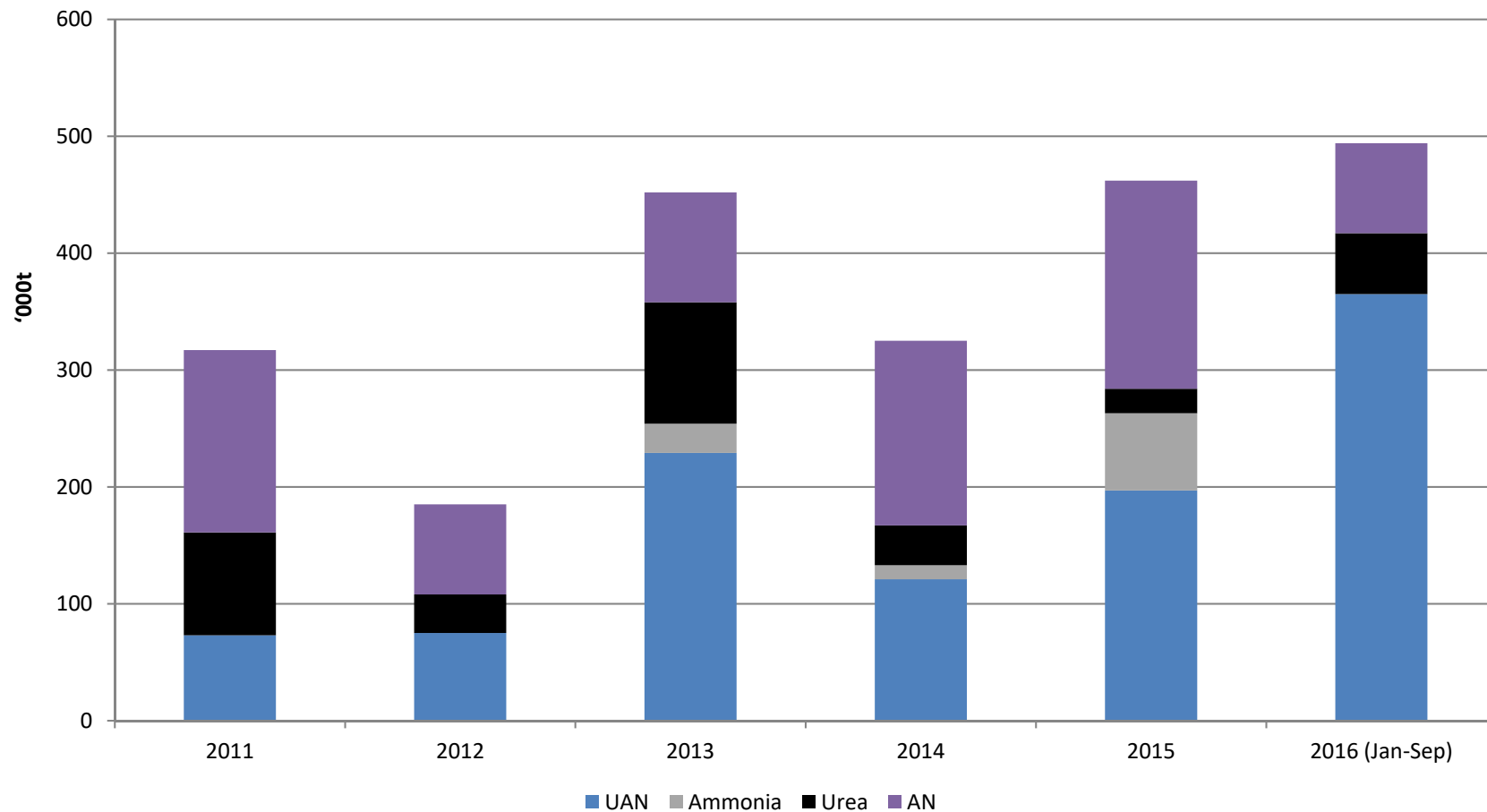
# Argentina fertilizer imports for Jan-Sep



Source: Indec



## US exports to Argentina pick up on new capacity



A nighttime photograph of a city skyline across a body of water. The sky is a deep blue, and the city lights are reflected on the water. A prominent glowing blue line, resembling a fiber optic cable or a light trail, curves across the water from the bottom left towards the center right. The city skyline includes several tall buildings, some with cranes on top, and a large domed structure. The overall mood is modern and technological.

Key price relationships

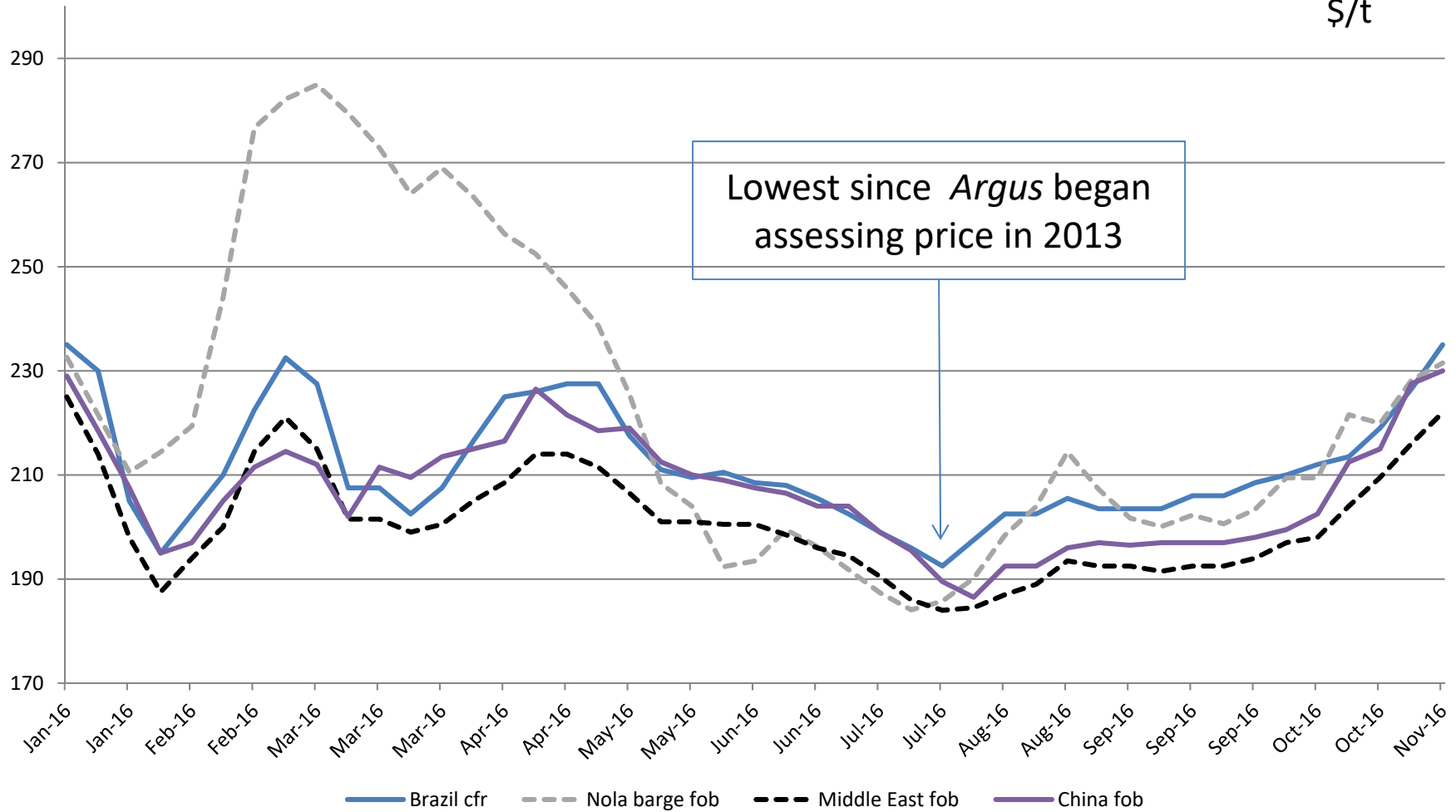
Road to recovery

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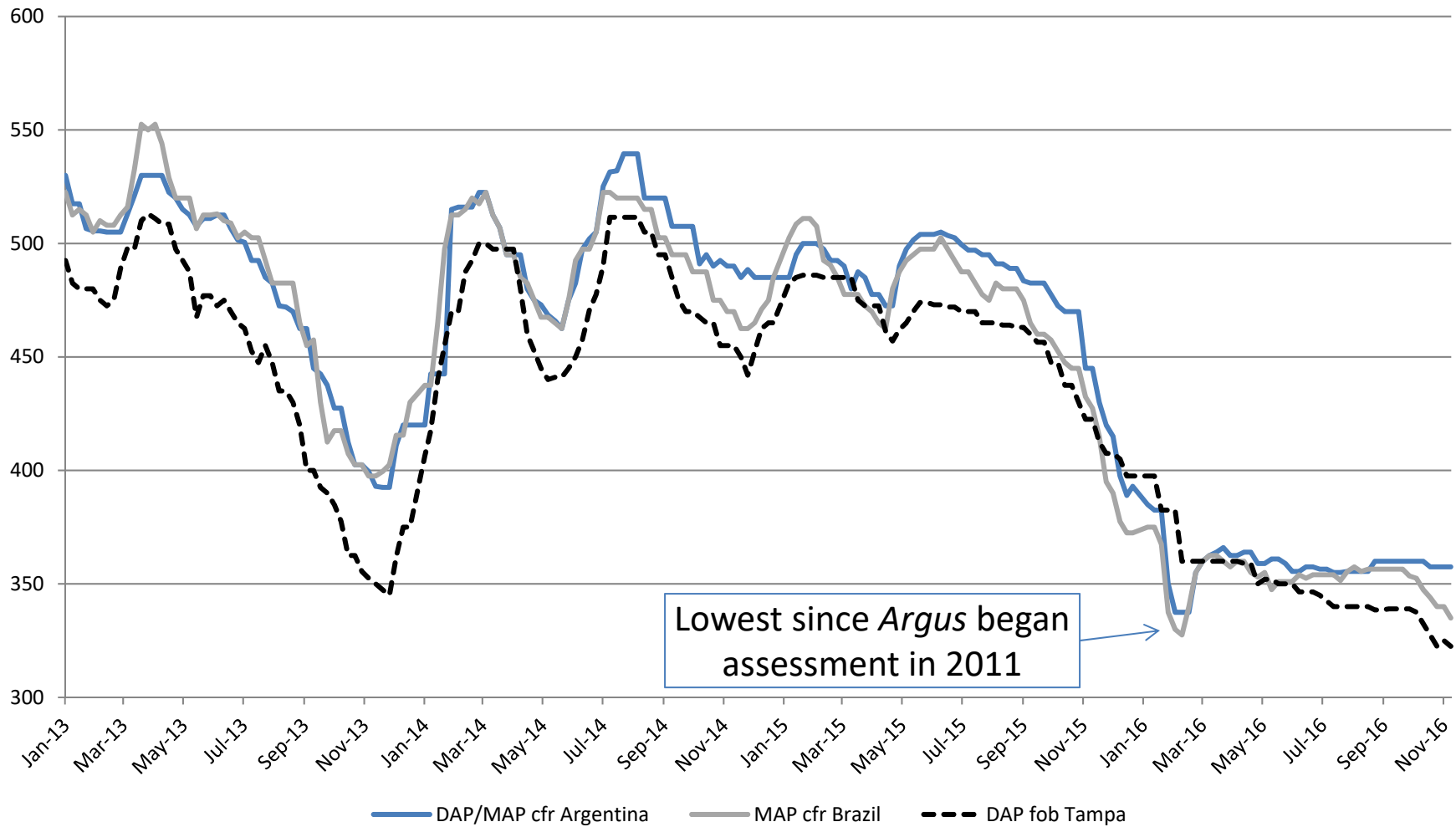
# Granular urea

\$/t



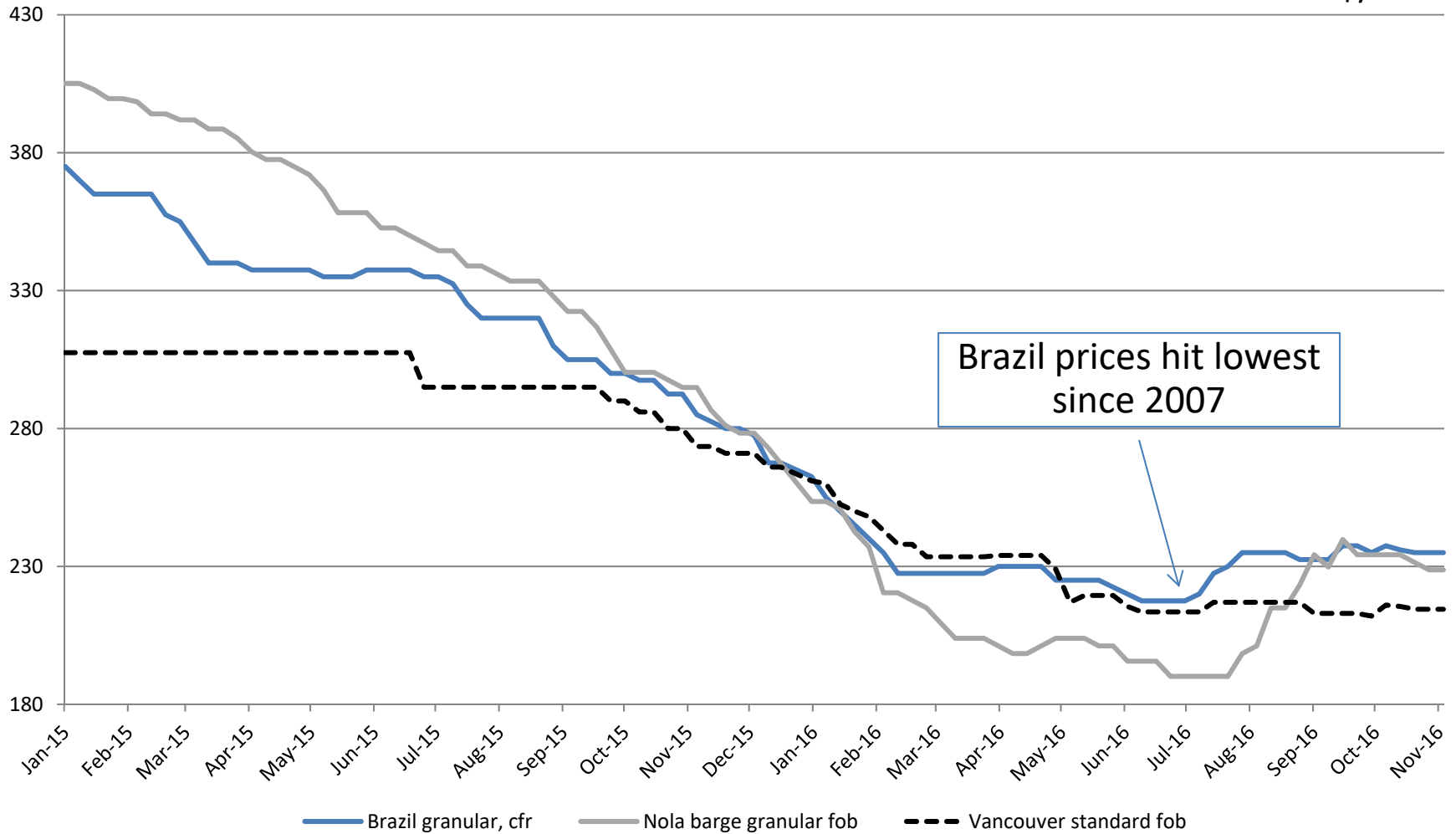
# Phosphates

\$/t



# Potash

\$/t



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