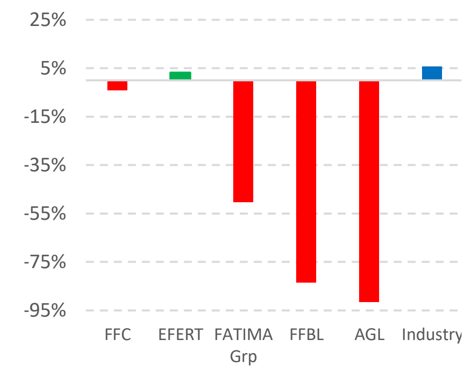
01 March 2023

Fertilizer Sector
Offtake Update

Fertilizer: January-23 Urea offtake up 6% YoY; DAP sales down 15% YoY

- **As per the data released by NFDC, Jan-23 Urea offtake increased by 6% YoY to 631k tons, while DAP offtake took a dip of 15% YoY to 96k tons.**
- **Within the urea segment, FFC remained the market leader with offtake of 216k tons, down 4% YoY, followed by EFERT and NFML with an offtake of 215k tons and 142k tons, respectively.**
- **During Jan-23, DAP offtake decreased by 15% YoY to 96k tons. Company wise data shows that FFBL's DAP offtake declined by 13% YoY, followed by EFERT with 6% YoY decrease. On the other hand, FFC witnessed an increase of 46% YoY in DAP offtake to 9k tons.**
- **Domestic urea prices averaged at PKR 2,632/bag, up 43% YoY, during the month under review. DAP prices also remained elevated at PKR 9,724/bag, up 5% YoY.**
- **We expect the Urea offtake to clock in at ~6.4mn tons during CY23, as farmers would substitute the costlier DAP with Urea. DAP offtake is projected to remain at ~1.5mn tons.**

Urea offtake growth YoY (Jan-23)



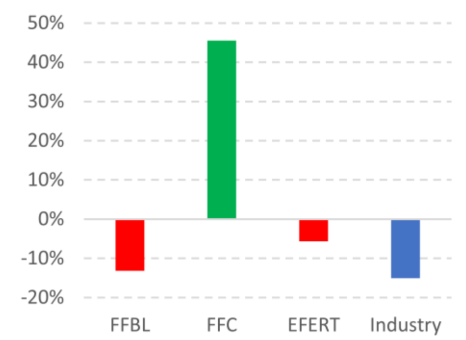
Source: NFDC, Akseer Research

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

Period	Jan-22	Dec-22	Jan-23	MoM	YoY	Current Inv.
Urea:						
FFC	225	223	216	-3%	-4%	20
EFERT	209	221	215	-2%	3%	3
FATIMA	100	157	50	-68%	-50%	1
FFBL	33	55	6	-90%	-83%	0
AGL	31	31	3	-91%	-91%	2
Imported	-	-	142	NM	NM	75
Industry	**598**	**833**	**631**	**-24%**	**6%**	**101**
DAP:						
FFBL	62	112	54	-52%	-13%	132
FFC	6	2	9	487%	46%	68
EFERT	23	31	22	-31%	-6%	14
Others	21	13	11	-13%	-48%	132
Industry	**113**	**158**	**96**	**-39%**	**-15%**	**346**
CAN:						
FATIMA Group	76	143	67	-54%	-12%	0
Industry	**76**	**143**	**67**	**-54%**	**-12%**	**1**

Source: NFDC, Akseer Research

DAP offtake growth YoY (Jan-23)



Source: NFDC, Akseer Research

Industry urea offtake increased by 6% YoY in Jan-23:

Industry urea offtake clocked in at 631k tons in Jan-22, up 6% YoY. This increase came from delayed Rabi sowing season. Urea production during Jan-23, remained 479k tons, down 15% YoY, as RLNG supply was curtailed to AGL and Dawood Hercules. The country's urea inventory at end of Jan-23 stood at 101k tons.

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DAP offtake down 15% YoY during Jan-23:

DAP offtake recorded a decline of 15% YoY to 96k tons during the month, due to being costlier. As a result of steep devaluation of PKR against USD, local DAP prices started rising irrespective of ease-off in the international DAP prices.

Sector Outlook:

FFBL has increased the Urea prices by PKR 440/bag from 16th February 2023 taking MRP to PKR 2,933/bag, to pass on the impact of gas price increase. While DAP in the domestic market is available at PKR 11,039/bag. With rising inflationary pressures, we expect farmers to substitute the costlier DAP with Urea, which would further dampen the DAP offtake for CY23.

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