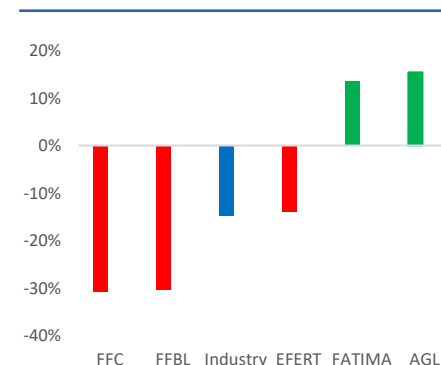


## Fertilizer: Urea and DAP offtake down 15% YoY and 86% YoY in August-22

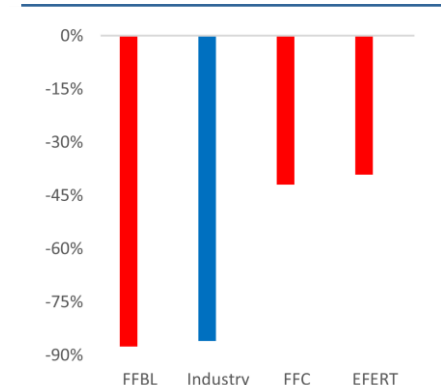
- As per the data released by NFDC, Urea offtake declined by 15% YoY to 552k tons in Aug-22, while DAP offtake took a steep decline of 86% YoY 26k tons. For 8MCY22, Urea offtake increased by 2% YoY to 4.2mn tons, while DAP offtake remained lower by 31% YoY to 676K tons.
- Within the urea segment, FFC posted the highest decline of 31% YoY followed by FFBL 30% YoY and EFERT 14% YoY during August-22. While FATIMA and AGL urea offtake grew by 14% YoY and 15% YoY.
- During August-22, DAP offtake continued its downward trajectory declining by 86% YoY. Company wise data shows that FFBL's DAP offtake declined by 88% YoY, followed by FFC 42% and EFERT 39%.
- During Aug-22, domestic urea prices averaged at PKR 2,337/bag, up ~34% YoY. Similarly, DAP prices also continued their upward trend and increased to PKR 12,698/bag, up ~111% YoY.
- Higher than normal rains and flash floods have severely damaged agro-economics of the country. This will cause delay in sowing for the Rabi crop. We believe this will impact fertilizer application during rest of the CY22. However, Sindh government has set wheat support price at PKR 4,000/maund to incentivize the farming community.

Urea offtake growth YoY (Aug-22)



Source: NFDC, Akseer Research

DAP offtake growth YoY (Aug-22)



Source: NFDC, Akseer Research

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

Period	Aug-21	Jul-22	Aug-22	MoM	YoY	8MCY21	8MCY22	YoY	Current Inv.
<b>Urea:</b>									
FFC	250	147	173	18%	-31%	1,618	1,594	-1%	36
EFERT	203	87	175	102%	-14%	1,610	1,359	-16%	51
FATIMA	91	100	104	4%	14%	494	648	31%	77
FFBL	67	23	46	98%	-30%	336	331	-1%	29
AGL	38	31	44	39%	15%	112	230	105%	2
Imported	-	75	11	-85%	NM	-	100	NM	0
<b>Industry</b>	<b>649</b>	<b>463</b>	<b>552</b>	<b>19%</b>	<b>-15%</b>	<b>4,169</b>	<b>4,262</b>	<b>2%</b>	<b>195</b>
<b>DAP:</b>									
FFBL	93	39	12	-70%	-88%	416	362	-13%	240
FFC	2	0	1	229%	-42%	93	51	-45%	54
EFERT	14	23	9	-63%	-39%	146	137	-7%	45
Others	77	4	4	8%	-94%	325	126	-61%	88
<b>Industry</b>	<b>187</b>	<b>67</b>	<b>26</b>	<b>-61%</b>	<b>-86%</b>	<b>981</b>	<b>676</b>	<b>-31%</b>	<b>426</b>
<b>CAN:</b>									
FATIMA Group	79	76	77	0%	-4%	640	554	-13%	27
<b>Industry</b>	<b>79</b>	<b>76</b>	<b>77</b>	<b>0%</b>	<b>-4%</b>	<b>640</b>	<b>554</b>	<b>-13%</b>	<b>27</b>

Source: NFDC, Akseer Research

### Industry urea offtake declined by 15% YoY in Aug-22:

Industry urea offtake decreased by 15% YoY to 552k tons in Aug-22. The decline in offtake is due to the destruction caused by the recent floods to the agricultural lands of the Sindh & Balochistan. Urea production remained at 415k tons with the meagre decline of 5% YoY. Cumulatively for 8MCY22, urea offtake increased by 2% YoY to 4.2mn tons.

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**DAP offtake declined by 86% YoY to 26k tons in Aug-22:**

Higher local DAP prices coupled with expected delay in Rabi crop sowing season resulted in lower DAP offtake of 86% YoY to 26k tons in Aug-22. Local DAP prices averaged at PKR 12,698/ bag during Aug-22. Though, international DAP prices declined by 8% MoM to USD 850/ton, with PKR at all-time high, DAP prices to remain elevated in the medium term which will affect the DAP fertilizer application for remaining of the CY22.

**Sector Outlook:**

As per the news flow, government has decided to provide the subsidized fertilizer and seeds to the flood effected farmers, through provincial governments and the NDMA. Furthermore, Sindh government has fixed Wheat support price at PKR 4,000/maund to incentivize the farmers, we expect the federal government to follow the suit and fixed the wheat support price at around 3,500/maund as compared to PKR 2,200/maund last year. These measures would likely result in better fertilizer offtake for the upcoming Rabi season.

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