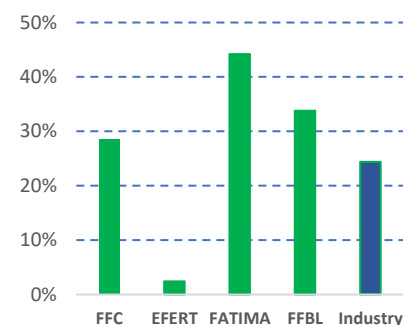


Fertilizer: Urea to close strong year CY21

- Urea offtake sustained positive trend for another month, up 24% YoY to 514k tons during October-21. The DAP offtake also improved 55%/49% MoM/YoY due to onset of Rabi season to 342k tons. Cumulatively for 10MCY21, urea offtake surged 12% YoY to 5.2mn tons while the DAP offtake declined 3% YoY to 1.5mn tons.
- Company wise, FFC remained the market leader with 203k tons urea sales (+29% YoY), followed by EFERT with 161k tons sales.
- For DAP, EFERT's imported DAP sales grew 69% YoY to 67k tons, whereas FFBL offtake fell by 10% YoY to 118k tons. FFC's DAP offtake clocked in at 49k tons during October-21.
- Overall industry's CAN offtake also surged 2.2x YoY to 106k tons with FATIMA's CAN offtake up twofold.
- During October-21, local urea prices were up by ~1% MoM to PKR 1,802/bag. Local DAP prices continued upward trajectory, increased by ~7% MoM to PKR 6,917/bag.
- We expect the urea offtake to witness stable growth as the Rabi season's demand materializes, however, DAP offtake is expected to close CY21 with marginal decline due to being costlier.

Urea offtake growth YoY (October-21)



Source: NFDC, Akseer Research

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

Period	Oct-20	Sep-21	Oct-21	MoM	YoY	10MCY20	10MCY21	YoY	Change in Inv.
Urea:									
FFC	158	203	203	0%	29%	1,996	2,024	1%	6
EFERT	158	134	161	20%	2%	1,645	1,906	16%	4
FATIMA	51	78	73	-7%	44%	462	628	36%	11
FFBL	33	46	44	-4%	34%	428	426	0%	(1)
Industry	413	487	514	5%	24%	4,626	5,170	12%	23
DAP:									
FFBL	130	98	118	19%	-10%	690	632	-8%	(43)
FFC	0	22	49	127%	NM	135	164	22%	(18)
EFERT	40	52	67	29%	69%	337	265	-21%	9
Industry	229	221	342	55%	49%	1,599	1,544	-3%	7
CAN:									
FATIMA	32	19	66	242%	105%	373	586	57%	(23)
Industry	33	33	106	225%	218%	532	779	46%	(29)

Source: NFDC, Akseer Research

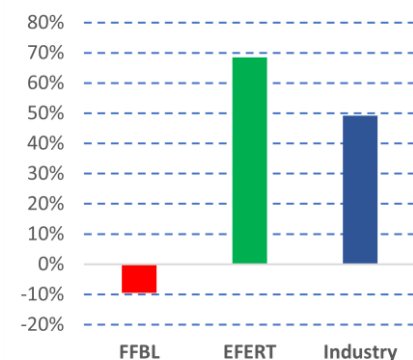
Industry urea offtake up 5%/24% MoM/ YoY

Industry urea offtake rose 5%/24% MoM/ YoY to clock in at 514k tons in Oct-21 attributable to seasonal demand. Cumulatively, urea offtake during 10MCY21 posted positive trend, up 12% YoY, with major volumetric contribution coming from FFC, with 2.0mn offtake followed by EFERT with 1.9mn offtake. Interestingly, FFC lost its market share by 4ppts (now at 39%) to EFERT (market share up 1ppt) and FATIMA (market share +2ppts).

DAP demand revived in Oct-21

Industry DAP offtake grew 55%/49% MoM/YoY to 342k tons and the buoyant trend is attributable to the sowing season of wheat coupled with early buying due to continuous surge in the DAP prices. For 10MCY21 DAP offtake was down 3% YoY to 1.5mn tons, with FFBL maintaining its market leader position with 41% share, followed by EFERT with 17% market share.

DAP offtake growth YoY (October-21)



Source: NFDC, Akseer Research

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CAN offtake up 2.2x MoM

Industry CAN offtake surged 2.2x MoM, wherein the market leader FATIMA's CAN offtake surged by 2.4x. Cumulatively in 10MCY21, CAN offtake grew by 46% YoY to 779k tons.

Sector Outlook: Urea sales to remain stable during CY21

We expect fertilizer demand, especially urea, to witness steady growth trend due to the Rabi season which could lead to more imports given the peak production for the industry stands at ~539k tons while the average demand of last two months usually come above 600k. For DAP, we expect demand to remain lukewarm due to continuous surge in the prices.

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