

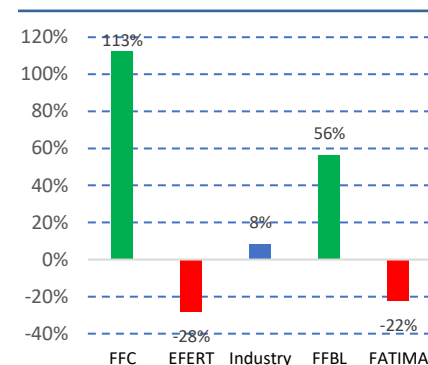
Fertilizer Sector
 Offtake Update

Pakistan Research

Fertilizer: Urea offtake jumped 8% YoY in July-21

- During July-21, industry urea offtake increased by 8% YoY to 622k tons, while DAP offtake declined 22% YoY to 193k tons. DAP offtake has marginalized due to significant jump in the prices of ~65% YoY.
- Company-wise FFC's and FFBL's urea offtake remained strong, surging 113% YoY and 56% YoY respectively. EFERT and FATIMA, however, witnessed decline in their offtakes on YoY of 28% and 22% respectively.
- Industry DAP offtake fell 22% YoY in July-21, wherein FFBL and EFERT noticed a decrease of 49% YoY and 11% YoY. FFC's DAP sales grew 48% YoY.
- FATIMA's CAN offtake declined 19% YoY, with overall industry's CAN offtake down 17% YoY to 71k tons.
- During the month, local urea prices remained unchanged at PKR 1,716/bag. Local DAP prices were up by ~1% MoM to PKR 5,584/bag.
- We expect a stable growth trend in urea offtake for the rest of the year due to better farm economics. DAP demand, however, could witness further pressure for it becoming costlier.

Urea offtake growth YoY (July-21)



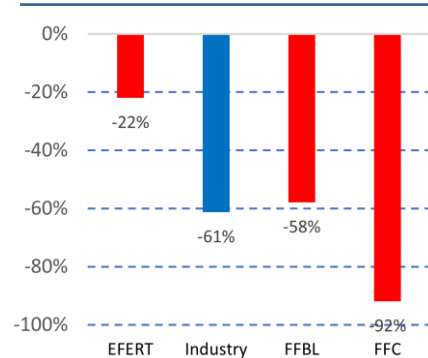
Source: NFDC, Akseer Research

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

Period	Jul-20	Jun-21	Jul-21	MoM	YoY	7M CY20	7M CY21	YoY	Change in Inv.
Urea:									
FFC	111	247	237	-4%	113%	1,382	1,368	-1%	(19)
EFERT	334	256	240	-6%	-28%	1,203	1,407	17%	(46)
FATIMA	95	99	74	-25%	-22%	316	392	24%	(35)
FFBL	32	54	50	-7%	56%	297	269	-10%	0
Industry	575	690	622	-10%	8%	3,246	3,520	8%	(110)
DAP:									
FFBL	105	23	93	302%	-11%	356	323	-9%	52
FFC	17	1	26	27x	48%	60	91	53%	1
EFERT	72	27	36	36%	-49%	181	147	-19%	64
Industry	247	68	193	1.84x	-22%	846	795	-6%	216
CAN:									
FATIMA	54	5	44	770%	-19%	252	405	60%	(2)
Industry	86	47	71	53%	-17%	379	515	36%	(1)

Source: NFDC, Akseer Research

DAP offtake growth YoY (July-21)



Source: NFDC, Akseer Research

Industry urea offtake steady so far

Industry urea offtake increased 8% YoY to clock in at 622k tons, primarily attributable to seasonal demand. However, on MoM, offtake in July was down 10%. Cumulatively, offtake during 7M CY21 posted positive trend, up 8% YoY, with major volumetric contribution coming from EFERT (offtake up 17% YoY) followed by FFC. Both FFC and EFERT managed to grow their respective market shares on MoM by ~1% to 38% and 39% respectively.

DAP offtake plunged 22% YoY in July-21

Industry DAP offtake declined 22% YoY to 193k tons, mainly due to high DAP prices, which surged by ~65% YoY. Both EFERT and FFBL witnessed 11% YoY and 49% YoY in their offtake, however, FFC managed to show increase of 48% YoY. Overall DAP offtake was down cumulatively in 7M CY21 as well to 795k tons as compared to 846k tons sold in the same period last year. Market share wise, FFBL remained on top with 48% share, followed by EFERT and FFC with 19% and 13% shares respectively.

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CAN offtake down 31% YoY

Industry CAN offtake decreased by 17% YoY during the month, where the market leader, FATIMA's CAN offtake also fell by 19% YoY. Cumulatively, CAN sales remain buoyant, up 36% YoY to 515k tons.

Fertilizer prices on the upside

Following international prices trend, the local DAP prices jumped PKR 46/bag MoM to settle at PKR 5,584/bag. Local urea prices remain Unchanged on MoM.

Sector Outlook: fertilizer sales to remain stable during CY21

The government is working on RLNG contracts to maintain uninterrupted RLNG supply for the fertilizer producers, which will keep the urea supply stable in the country. Furthermore, given the differential between local and international urea prices has widened lately, the fertilizer players are in comfortable position to further hike urea prices in coming months. DAP demand is likely to remain lower side as prices of DAP are increasing in tandem with the international market trend, making it costlier for the farmers.

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