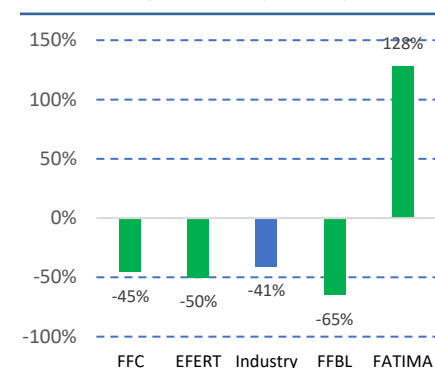


## Fertilizer: June-21 offtake remained lukewarm

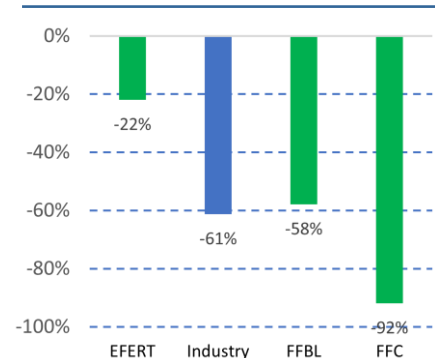
- During Jun-21, industry urea offtake declined by 41% YoY to 690k tons, while DAP offtake decreased by 61% YoY to 68 k tons. The significant decrease in monthly urea offtake was primarily due to the high base effect, given pre-buying activity in June-20 in anticipation of prices hike post gas tariff increase.
- Company-wise, all key listed players witnessed a decline in their urea offtake where EFERT FFC and FFBL noted the most significant YoY decrease to 50%, 45%, and 65%, respectively, during the month, while FATIMA saw an increase of 128% YoY in their offtake.
- Industry DAP offtake witnessed a decline of 61% YoY in Jun-21, where EFERT, FFC, and FFBL noticed a decrease of 22%, 92%, and 58% YoY respectively. This decline is mainly due to a sharp surge in DAP prices.
- FATIMA's CAN offtake saw a drop of 86% YoY, while industry CAN offtake stood at 47k tons in June-21, down 31% YoY.
- During the month, local urea prices increased to PKR 1,711/bag (up by PKR 5/bag). Local DAP prices increased by 1.78% MoM to settle at PKR 5,538/bag in Jun-21.
- We expect a stable growth trend in overall fertilizer offtake during the rest of CY21, on the back of better farm economics.

Urea offtake growth YoY (June-21)



Source: NFDC, Akseer Research

DAP offtake growth YoY (June-21)



Source: NFDC, Akseer Research

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

Period	Jun-20	May-21	Jun-21	MoM	YoY	1HCY20	1HCY21	YoY	Change in Inv.
<b>Urea:</b>									
FFC	453	183	247	35%	-45%	1,271	1,131	-11%	(75)
EFERT	511	200	256	28%	-50%	869	1,168	34%	(72)
FATIMA	43	48	99	107%	128%	221	318	44%	(22)
FFBL	153	58	54	-8%	-65%	265	219	-17%	(16)
<b>Industry</b>	<b>1,165</b>	<b>501</b>	<b>690</b>	<b>38%</b>	<b>-41%</b>	<b>2,672</b>	<b>2,899</b>	<b>9%</b>	<b>(181)</b>
<b>DAP:</b>									
FFBL	55	69	23	-66%	-58%	251	230	-8%	52
FFC	11	30	1	-97%	-92%	42	65	55%	1
EFERT	34	27	27	0%	-22%	109	110	1%	64
<b>Industry</b>	<b>176</b>	<b>173</b>	<b>68</b>	<b>-61%</b>	<b>-61%</b>	<b>598</b>	<b>601</b>	<b>1%</b>	<b>216</b>
<b>CAN:</b>									
FATIMA	36	51	5	-90%	-86%	198	360	82%	(11)
<b>Industry</b>	<b>68</b>	<b>80</b>	<b>47</b>	<b>-42%</b>	<b>-31%</b>	<b>292</b>	<b>443</b>	<b>52%</b>	<b>(23)</b>

Source: NFDC, Akseer Research

### Industry urea offtake declined 41% YoY in Jun-21

Industry urea offtake decreased 41% YoY to clock in at 690k tons. The decline was primarily be attributed to the high offtake in May and June 2020 due to pre-buying activity on the back of the expected price hike after the gas tariff hike. However, it didn't materialize. For 1HCY21, urea offtake remains positive, increasing by 9% YoY to 2.9mn tons. Company-wise, all key listed players witnessed a mixed trend during 1H. Fauji Group's (FFC & FFBL) combined urea sales declined by 12% YoY. On the other hand, EFERT and FATIMA witnessed a growth of 34% and 44% on YoY basis, respectively.

### DAP offtake plunged 61% YoY in Jun-21

Industry DAP offtake reported a decline of 61% YoY to 68k tons, where EFERT, FFC, and FFBL saw a decrease of 22%, 92%, and 58% YoY in their offtake, respectively. Industry DAP offtake during 1HCY21 remained almost flat at 601k tons. Market share-wise, FFBL, the only DAP producer, saw a decrease of 3.7% in its market share during 1H to 38%.

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**CAN offtake down 31% YoY**

Industry CAN offtake decreased by 31% YoY during the month, where the market leader, FATIMA's CAN offtake, noted a decline of 86% YoY.

**Local urea prices increased to PKR 1,732 up 5/bag MoM**

Local urea prices rose by PKR 5/bag in Jun-21 to settle at PKR 1,711/bag, whereas DAP prices reported an increase of PKR 97/bag to settle at PKR 5,538/bag.

**Sector Outlook: fertilizer sales to remain stable during CY21**

RLNG supply to the industry will allow the uninterrupted production and will keep urea supply stable in the country. The demand side is also expected to remain positive due to improved farm economics. DAP demand could witness a slowdown due to a sudden rise in the DAP prices, making it expensive for small farmers.

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