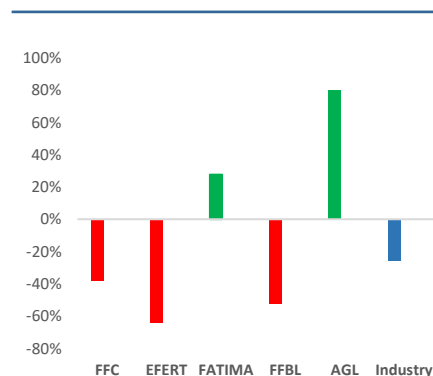
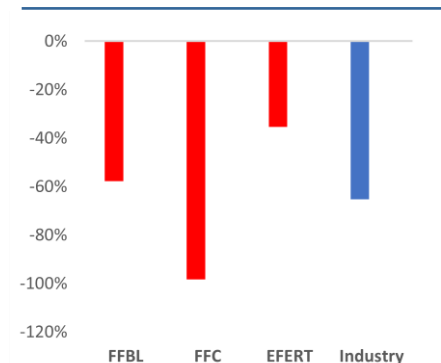


**Fertilizer Sector**  
**Offtake Update**
**Pakistan Research**
**Fertilizer: July-22 Urea and DAP offtake down 26% YoY and 65% YoY**

- As per the data released by NFDC, Urea offtake plunged 26% YoY to 463k tons in July-22, while DAP offtake recorded a decline of 65% YoY 67k tons. For 7MAY22, Urea offtake grew by 5% YoY to 3.7mn tons, while DAP offtake remained lower by 18% YoY.
- Within the urea segment, EFERT posted the highest decline of 64% YoY followed by FFC 38% YoY and FFBL 53% YoY during July-22. While FATIMA and AGL urea offtake grew by 28% YoY and 80% YoY.
- During July-22, DAP offtake continued its downward trajectory declining by 18% YoY. Company wise data shows that FFC's DAP offtake declined by 98% YoY, followed by FFBL 58% and EFERT 36%.
- During July-22, domestic urea prices averaged at PKR 2,258/bag, up ~31% YoY. Similarly, DAP prices also continued their upward trend and increased to PKR 12,120/bag, up ~116% YoY.
- Ongoing monsoon season have received more than normal rainfall which resulted in flash floods in most parts of the country. This has severely damaged agricultural land of the country specifically of Sindh, South Punjab and Balochistan. We believe this will impact fertilizer application during the rest of CY22.

**Urea offtake growth YoY (July-22)**


Source: NFDC, Akseer Research

**DAP offtake growth YoY (July-22)**


Source: NFDC, Akseer Research

**Fertilizer July-22 Offtake and Inventory ('000) tons**

Period	Jul-21	Jun-22	Jul-22	MoM	YoY	7MAY21	7MAY22	YoY	Current Inv.
<b>Urea:</b>									
FFC	237	282	147	-48%	-38%	1,368	1,421	4%	32
EFERT	240	240	87	-64%	-64%	1,407	1,184	-16%	36
FATIMA	78	98	100	2%	28%	402	545	35%	83
FFBL	50	73	23	-68%	-53%	269	284	6%	26
AGL	17	29	31	7%	80%	74	186	151%	16
Imported	-	14	75	NM	NM	-	89	NM	11
<b>Industry</b>	<b>622</b>	<b>737</b>	<b>463</b>	<b>-37%</b>	<b>-26%</b>	<b>3,520</b>	<b>3,710</b>	<b>5%</b>	<b>205</b>
<b>DAP:</b>									
FFBL	93	106	39	-63%	-58%	323	350	8%	138
FFC	26	8	0	-95%	-98%	91	50	-45%	55
EFERT	36	12	23	102%	-36%	132	128	-3%	52
Others	38	20	4	NM	-89%	248	121	-51%	128
<b>Industry</b>	<b>193</b>	<b>146</b>	<b>67</b>	<b>-54%</b>	<b>-65%</b>	<b>795</b>	<b>650</b>	<b>-18%</b>	<b>374</b>
<b>CAN:</b>									
FATIMA Group	71	77	76	-1%	7%	561	477	-15%	28
<b>Industry</b>	<b>71</b>	<b>77</b>	<b>76</b>	<b>-1%</b>	<b>7%</b>	<b>561</b>	<b>477</b>	<b>-15%</b>	<b>28</b>

Source: NFDC, Akseer Research

**Industry urea offtake declined by 26% YoY in July-22:**

Industry urea offtake decreased by 26% YoY to 463k tons in Jul-22. The decline in offtake is due to the pre-buying in the previous month (June-22 Offtake:737k tons). Urea production also declined by 19.5% YoY to 412k tons as one of the FFC's plant and EFERT's ENVEN plant remained non-operational due to some technical fault. Cumulatively for 7MAY22, urea offtake increased by 5% YoY to 3.7mn tons.

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**DAP offtake declined by 65% YoY to 67k tons in July-22:**

Industry DAP offtake recorded a significant decline of 65% YoY to 67k tons in July-22. This is due to rising DAP prices on the back of rupee depreciation along with higher international DAP prices. During July-22, DAP price averaged at PKR 12,120/bag, which made it difficult for farmers to apply it properly. For 7MCY22, DAP offtake declined by 18% YoY to 650k tons.

**Sector Outlook:**

Recent record rains and flash floods have made the fertilizer sector outlook gloomy for the remaining CY22. Destruction of the cash rich Kharif crops, would not only affect the fertilizer application during 3QCY22 but it would also lower the purchasing power of the farmers. Farmers rely heavily on the Kharif crop for purchase of the fertilizer for the Rabi crop. We believe, the Rabi sowing season would also get delayed as soil will take around two months to dry before getting ready for the next season's sowing. Wheat is the main crop of the Rabi season accounting for 50% of fertilizer consumption. Delay in Wheat sowing would result in lower fertilizer demand specifically DAP during 2HCY22.

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