

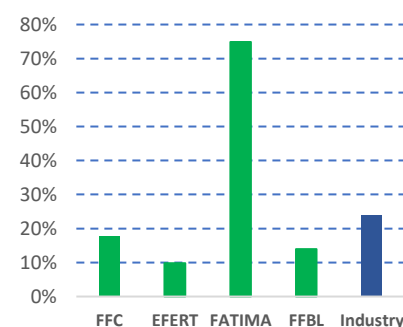
Fertilizer Sector
Offtake Update

Pakistan Research

Fertilizer: Sept-21 Urea offtake up 24% YoY; DAP sales down 3% YoY

- September-21 was another positive month for the fertilizer sector as the industry urea offtake increased by 24% YoY to 487k tons. DAP offtake, however, declined 3% YoY to 221k tons, though, showed recovery on MoM of +19% due to start of Rabi season.
- Company-wise FATIMA's urea offtake remained strong, surging 75% YoY, while FFC's and FFBL's urea offtake grew by 18% YoY and 14% YoY respectively. EFERT witnessed increase in its offtake of 10% YoY.
- For DAP, FFC and FFBL offtakes increase 18% YoY and 4% YoY, respectively. EFERT's DAP offtake surged by 3% YoY.
- Overall industry's CAN offtake also increased by 4% YoY to 33k tons with FATIMA's CAN offtake down 34% YoY.
- During September-21, local urea prices were up by ~2% MoM to PKR 1,778/bag. Local DAP prices continued rising unabatedly, up ~8% MoM to PKR 6,491/bag.
- We expect a stable urea offtake for the remaining of the year as Rabi season has started coupled with better farm economics.

Urea offtake growth YoY (September-21)



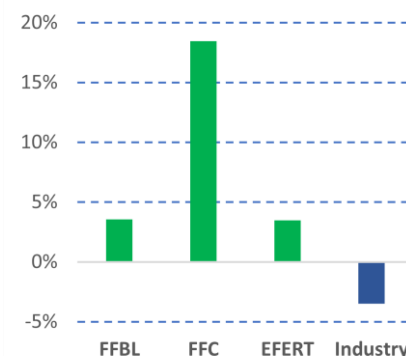
Source: NFDC, Akseer Research

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

Period	Sept-20	Aug-21	Sept-21	MoM	YoY	9M CY20	9M CY21	YoY	Change in Inv.
Urea:									
FFC	172	250	203	-19%	18%	1,838	1,821	-1%	6
EFERT	122	203	134	-34%	10%	1,487	1,744	17%	(37)
FATIMA	45	85	78	-8%	75%	411	555	35%	(35)
FFBL	41	67	46	-31%	14%	395	382	-3%	0
Industry	393	649	487	-25%	24%	4,213	4,656	11%	(71)
DAP:									
FFBL	95	93	98	6%	4%	560	515	-8%	(26)
FFC	18	2	22	8.4x	18%	135	115	-15%	(22)
EFERT	50	14	52	2.6x	3%	297	198	-33%	(14)
Industry	229	187	221	19%	-3%	1,370	1,202	-12%	(26)
CAN:									
FATIMA	29	50	19	-61%	-34%	341	519	52%	22
Industry	31	79	33	-59%	4%	499	673	35%	37

Source: NFDC, Akseer Research

DAP offtake growth YoY (September-21)



Source: NFDC, Akseer Research

Industry urea offtake up 24% YoY; down 25% MoM

Industry urea offtake increased 24% YoY to clock in at 487k tons in Sept-21 which can be attributable to higher support prices for commodities due to government's keen focus towards the agriculture sector. However, on MoM basis urea offtake declined 25%. Cumulatively, urea offtake during 9M CY21 posted positive trend, up 11% YoY, with major volumetric contribution coming from FFC (+18% YoY) and followed by EFERT (+10% YoY).

DAP offtake lukewarm during Sept-21

Industry DAP offtake declined 3% YoY to 221k tons as DAP prices keep skyrocketing, up ~76% YoY to PKR 6,491/bag. The offtake increased by 19% MoM due to the start of Rabi season. FFBL sold 95k tons, maintaining its highest market share of 42%, followed by 50k tons by EFERT. For 9M CY21, overall DAP offtake was down 12% YoY.

CAN offtake down 31% YoY

Industry CAN offtake decreased by 4% YoY during the month, where in the market leader, FATIMA's CAN offtake fell by 34% YoY. Cumulatively in 9M CY21, CAN offtake grew by 35% YoY to 673k tons.

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Sector Outlook: Urea sales to remain stable during CY21

We expect fertilizer demand, especially urea, to remain on the higher side during remaining months of CY21 as the Rabi season starts. However, increasing price trend and shortfall of gas supply during the winter pose serious concern for the industry. For DAP, we expect lukewarm demand given the consistent rise in the prices, making it costlier for the farmers.

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