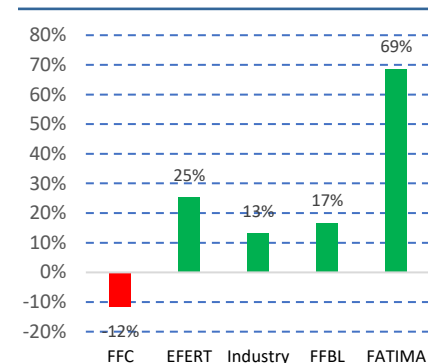


Fertilizer Sector
 Offtake Update

Pakistan Research
Fertilizer: Aug-21 Urea offtake up 13% YoY; DAP sales down 37% YoY

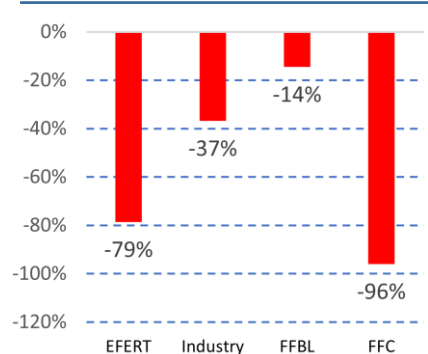
- During August-21, industry urea offtake increased by 13% YoY to 649k tons, while DAP offtake declined 37% YoY to 187k tons. DAP offtake has marginalized due to significant jump in the prices by ~71% YoY.
- Company-wise FATIMA's urea offtake remained strong, surging 69% YoY, while EFERT's and FFBL's urea offtake grew by 25% YoY and 17% YoY respectively. FFC, however, witnessed decline in its offtake by 12% YoY.
- For DAP, FFBL and EFERT offtakes declined by 14% YoY and 79% YoY, respectively. FFC sold only 2k tons DAP sales during August-21, down 96% YoY.
- Overall industry's CAN offtake also declined 10% YoY to 79k tons with FATIMA's CAN offtake down 16% YoY.
- During the month of August, local urea prices were up by ~2% MoM to PKR 1,746/bag. Local DAP prices increased by ~8% MoM to PKR 6,033/bag.
- We expect a stable growth trend in urea offtake for the rest of the year due to farmers' comparatively better purchasing power. DAP demand, however, could witness further pressure for it becoming costlier.

Urea offtake growth YoY (August-21)



Source: NFDC, Akseer Research

DAP offtake growth YoY (August-21)



Source: NFDC, Akseer Research

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

Period	Aug-20	Jul-21	Aug-21	MoM	YoY	8MCY20	8MCY21	YoY	Change in Inv.
Urea:									
FFC	283	237	250	5%	-12%	1,665	1,618	-3%	(32)
EFERT	162	240	203	-15%	25%	1,365	1,610	18%	(6)
FATIMA	50	74	85	15%	69%	366	477	30%	(43)
FFBL	57	50	67	34%	17%	354	336	-5%	(10)
Industry	573	622	649	4%	13%	3,820	4,169	9%	327
DAP:									
FFBL	109	93	93	0%	-14%	465	416	-10%	(16)
FFC	57	26	2	-91%	-96%	117	93	-20%	(2)
EFERT	66	36	14	-61%	-79%	247	161	-35%	22
Industry	295	193	187	-4%	-37%	1,141	981	-14%	(22)
CAN:									
FATIMA	59	44	50	12%	-16%	312	454	46%	(9)
Industry	89	71	79	11%	-10%	467	594	27%	(12)

Source: NFDC, Akseer Research

Industry urea offtake up 13% YoY

Industry urea offtake increased 13% YoY/ 4% MoM to clock in at 649k tons in Aug-21 which can be attributable to higher support prices of commodity due to government's keen focus towards the agriculture sector. Cumulatively, urea offtake during 8MCY21 posted positive trend, up 9% YoY, with major volumetric contribution coming from EFERT (+18% YoY) and followed by FATIMA (offtake up 30% YoY).

DAP offtake plunged 37% YoY in Aug-21

Industry DAP offtake declined 37% YoY to 187k tons, due to higher DAP prices, which surged by ~71% YoY to PKR 6,033/bag. DAP importers have further raised DAP prices to PKR 6,479/bag effective Sep-21 due to rising international prices.

 Muhammad Atif
muhammad.atif@akseerresearch.com

CAN offtake down 31% YoY

Industry CAN offtake decreased by 10% YoY during the month, wherein the market leader, FATIMA's CAN offtake also fell by 16% YoY. Cumulatively in 8MCY21, CAN offtake grew by 27% YoY to 594k tons.

Sector Outlook: Urea sales to remain stable during CY21

We expect urea demand to remain on the higher side during remaining months of CY21 as the Rabi season approaches. However, urea inventory declined to its 8-month low of 187k tons in Aug-21, mainly due to absence of production from LNG based fertilizer plants. In this regard, the government has restored gas supply to closed fertilizer plants (AGL and FATIMA) effective 17 September and also considering to extend their gas supply till Jan-22 for stable urea supply during the Rabi season. These two plants add around 70-75k tons of urea on monthly basis. For DAP, we expect lukewarm demand given the consistent rise in the prices, making it costlier for the farmers.

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Contact Details**Akseer Research (Pvt) Limited**

1st Floor, Shaheen Chambers, KCHS block 7 & 8, off. Shahrah-e-Faisal
T: +92-21-34320359 -60
E: info@akseerresearch.com

Alfa Adhi Securities (Pvt) Limited

3rd Floor, Shaheen Chambers, A-4 Central Commercial Area, KCH
Society, Block 7 & 8, Near Virtual University, Karachi
T: +92-21-38694242
E: info@alfaadhi.net