

Quarterly Business Updates -Ammonia & Urea

Report Overview

Nexant's Quarterly Business Updates – Ammonia and Urea, which are part of the Strategic Business Analysis Fertilizers Program, provide an analysis of key developments in the ammonia and urea industry, including capacity updates, profitability, and pricing over the past quarter.

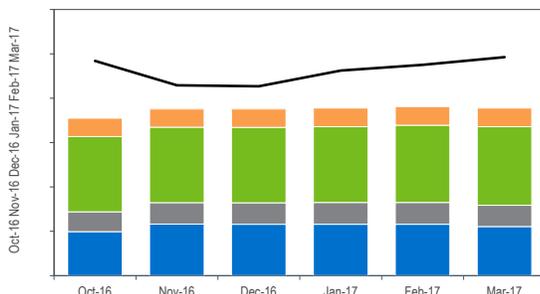
The reports include monthly price and profitability data for ammonia and urea, along with a detailed discussion of the market forces (affecting price and profitability) over the quarter in the United States, Western Europe, Middle East and China. An outlook on firm global capacity developments from 2017 to 2021 period is also provided.

Some of the key aspects examined in the reports include:

- How have the profitability margins of the producers changed over the quarter?
- What has driven the changes in prices or profitability of ammonia and urea, as well as feedstocks such as natural gas and coal over the quarter?
- What have been the major capacity developments over the quarter? What is the outlook for capacity developments in the next 3 to 4 years?

Global ammonia and urea prices have finally begun to trend upwards in 2017, after falling by almost 50 percent over the past five years, as a result of global overcapacity, as well as from slower than expected demand growth. At the same time, the profitability margins for producers have increased globally, despite the increase in coal prices.

Sample Data: Monthly Profitability Analysis for Coal-based Integrated Urea Plant China, Q1 2017



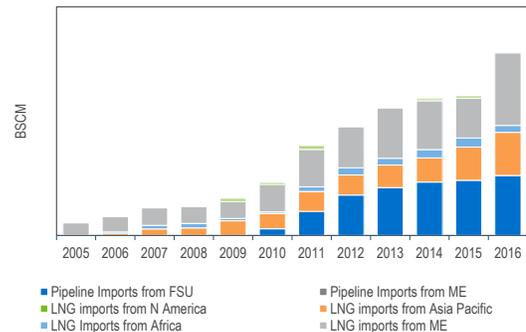
China Economics include both mine mouth and coastal economics!

NEW: KEY TRENDS AND CHALLENGES Section discusses This section of the report includes a thought piece on current and timely developments related to the ammonia/urea industry. For example, in Q1 2017, the global natural gas outlook was discussed including consumption, trade and supply.

The majority, about two-thirds, of the world's traded gas flows through cross-border pipelines. The pipeline gas trade dominates regions such as Europe, the FSU, and the Americas. The FSU is the largest export region with almost all exports going to Europe. The FSU accounts for about 40 percent of global pipelines gas exports. Europe is the largest importer of gas by cross-border pipelines, from both the FSU and North Africa.

Looking ahead, Europe will remain the world's premier destination for inter-regional pipeline flows, especially in view of its dwindling conventional gas production and consequent growing dependency on imports. It is expected that Europe will start purchasing Iraqi gas during the forecast period, assuming that on-going security issues in the Middle East are resolved. However, the FSU remains the region's primary supplier.

Sample: Global Net Pipeline Gas Imports by Region



Nexant's SBA Fertilizers program identifies the key trends and strategic issues shaping the global **ammonia, urea and ammonium nitrates (AN, CAN, UAN)** industry based on a review of the markets, prices, delivered cost competitiveness and technology.

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