

Green Markets®

A **Bloomberg BNA** Business

A Record of Success Projecting Global Fertilizer Markets

Green Markets consistently provides an accurate outlook on global fertilizer markets. Evidence of this successful fertilizer market forecasting is outlined below, by commodity category.

We invite you to learn more about Green Markets' concise, targeted and effective market research. It's just the global analysis fertilizer professionals need, without the "noise" found in other market research.

NITROGEN MARKETS

In **January 2014**, Green Markets' global urea research entitled *"The Nitrogen Bubble and How the Glut of Projects will Shift the Landscape"* specifically called for urea prices to fall to \$200 from above \$400. The thesis was based on oversupply in the market easily making up for reductions in Chinese exports:

"We see the urea market shift starting to occur into the end of [2015] and then more significantly into 2017/18 as more global capacity additions begin to take shape".

"Given the high probability of oversupply... we maintain our long-run bearish outlook on the price of global urea... [moving] the cost floor away from China... towards ~\$200 FOB."

Over the subsequent years Green Markets followed this forecast by consistently calling the direction of nitrogen markets. More recent examples of correctly assessing the volatility of pricing include **Spring 2016**, where Green Markets correctly labelled the spike in prices:

"... a dead-cat bounce on the path of a long run bearish pricing trend."

Green Markets remained bearish on nitrogen prices for the remainder of 2016; benchmark urea prices have since retreated ~20% year over year as of the end of April.



POTASH MARKETS

Green Markets has long held a cautious to neutral view of the potash market.

After Belarusian Potash Corp. ("BPC", the Russian/Belarusian trade association) collapsed in 2013, Green Markets published its view that the associated reduction in prices was merely an acceleration of market conditions. Green Markets stated that similar price pressure was likely had new entrants (such as BHP) entered the market this decade.

In **August 2013**, Green Markets indicated:

"... the risk of over-supply has been hovering on the potash market for quite some time and Uralkali's announcement to shift the market prematurely to a volume over price strategy directly challenges growth in future capacity."

The move made it difficult for almost all juniors to raise capital and, as reported on an on-goings basis by Green Markets, multiple projects have been shelved or delayed indefinitely.

As potash prices stagnated and then found footing, Green Markets consistently held a cautious view on slack capacity in the system versus the pricing elasticity. This view was based on expected discipline from Canadian producers, balanced by Russian and Belarusian producers maximizing capacity, coupled with new entrants.

In February 2016 Green Markets reiterated its cautious view on potash pricing, despite almost all producers announcing production cuts as prices slumped in 4Q15.

"Prices could begin to stabilize in the early part of 2016, but the next few months there is little expectations that prices will move dramatically higher. Some seasonal gains for spring are likely but large increases in pricing may be hard to come by."

In **October 2016** Green Markets noted strong demand in the market but that oversupply

"... will likely keep any near term price gains limited,"

This trend in pricing has indeed continued into 1H 2017.



PHOSPHATE MARKETS

Green Markets has long had a cautious to neutral view of the DAP/MAP market.

In **August 2014** Green Markets published its view of price support being managed by the largest players curtailing capacity in the face of oversupply.

"With capacity set to outpace demand, we believe the larger vertically integrated global players will likely act as swing producers to keep seasonal fundamentals in check year over year, limiting downside risk to pricing. However, the presence of curtailed capacity and an inherent ability to flood will also likely keep prices from rising dramatically."

As Green Markets predicted, phosphate prices moved sideways until the end of 2015 when declines in other nutrient prices finally caught up.

In **April 2016** Green Markets reiterated a neutral view on the pricing of DAP/MAP, anticipating seasonal swings but an overall sideways direction.

"...no clear catalyst to move prices higher aside from seasonal demand trends."

Green Markets research is trusted by professionals across the fertilizer complex, from around the globe. Producers, traders, distributor, and investors agree that Green Markets research provides exceptional value.

For more information contact your Account Manager, visit fertilizerpricing.com/research or call 800.531.0140 (+1.603.357.8103).

