

Asian Fertilizer Demand Agricultural Outlook & Implications

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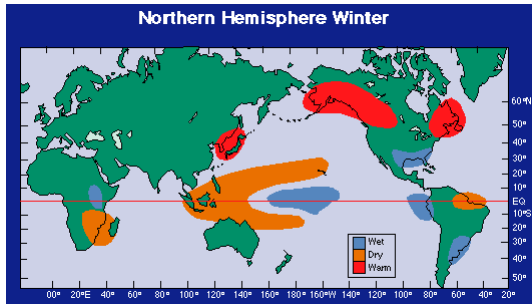
- Global agriculture drivers, trends and outlook
- Macroeconomic drivers – East vs West
- Asian agriculture in the global context
- Global & Asian crop area and nutrient demand forecasts
- Risks



Pacific weather patterns becoming critical

El Nino / La Nina cycles driving S American and SE Asian weather

- **El Nino** = warming Pacific → dryness in SE Asia, rain in S. America
- **La Nina** = cooling Pacific → rain in SE Asia, drought to S. America



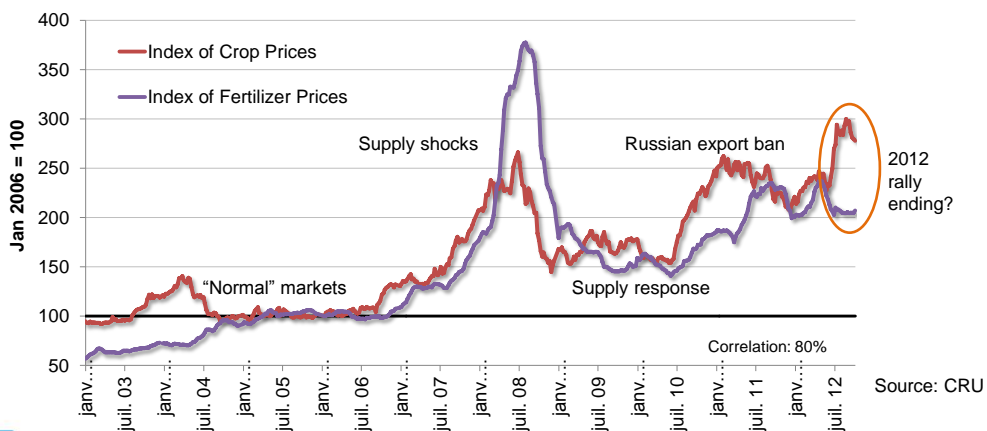
Source: US NOAA

- 2005 Weak El Nino
- 2006 Weak La Nina
- 2007 Weak El Nino
- 2008 Moderate La Nina
- 2009 Weak La Nina
- 2010 Moderate El Nino
- 2011 Moderate La Nina
- 2012 Moderate La Nina
- 2013 Weak El Nino?

Weather-driven rallies are not new

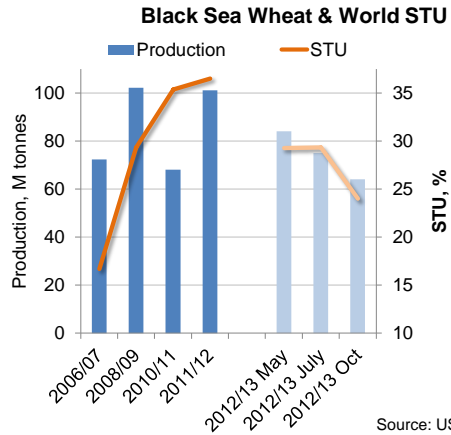
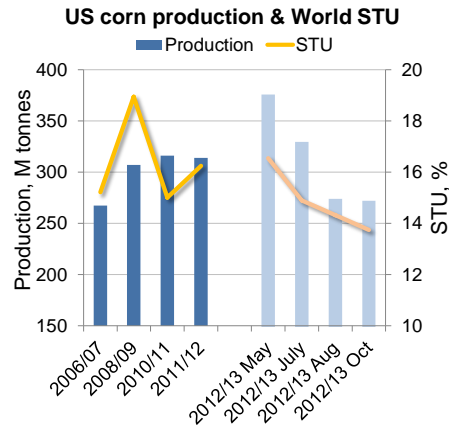
Tightening balances since mid-2000s have increased volatility

CRU Fertilizer Affordability Indices



US corn now 104m tonnes lower than first forecast

Wheat relatively well supplied but well below expectations

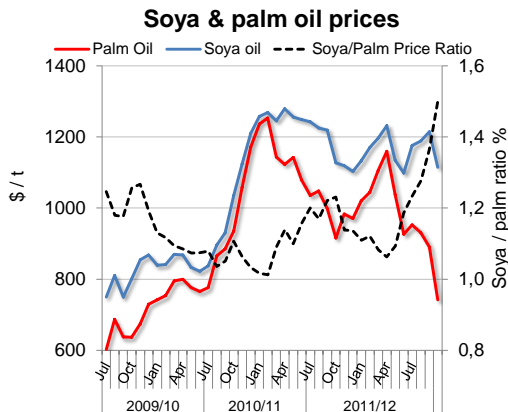
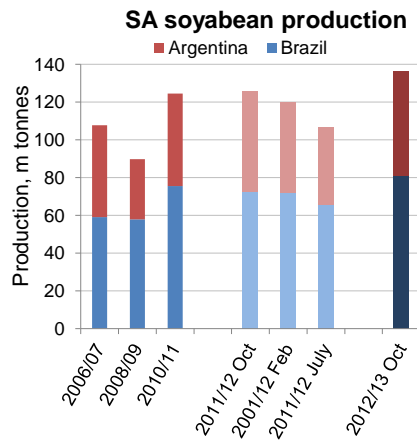


Source: USDA



Soya market reacted to losses in S. America

CPO suffering excess supply but demand likely to pick up

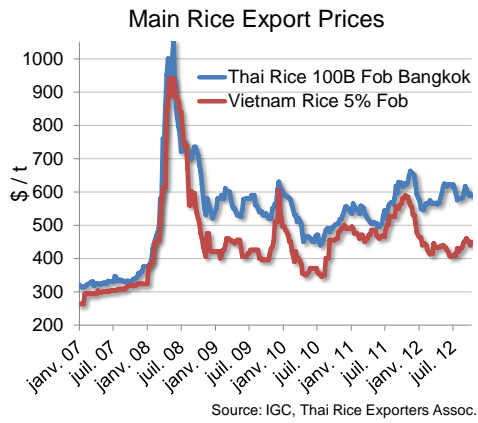
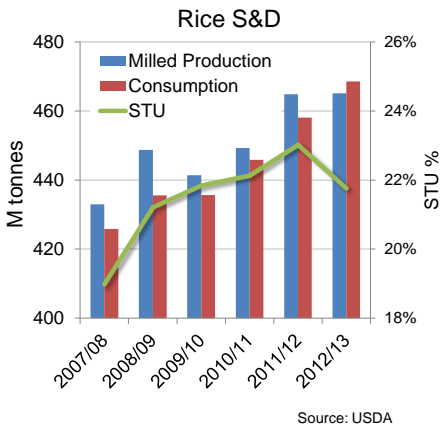


Source: USDA, CME, Bursa Malaysia



Rice demand exceeding supply for first time since 2004

Thai intervention keeping a lid on prices

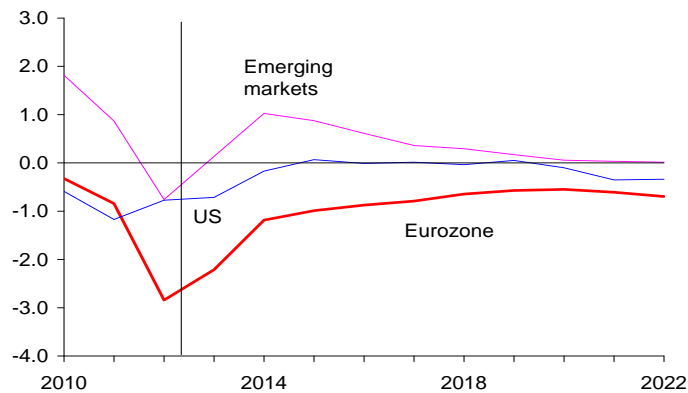


Slowing economic growth ahead

Will slow growth rates of food / ag demand, but not stop it

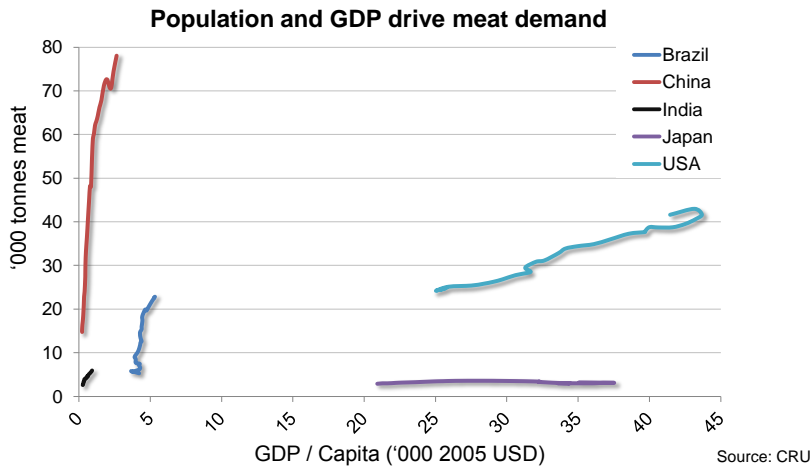
GDP growth

% point difference from historical average



Developed vs developing markets

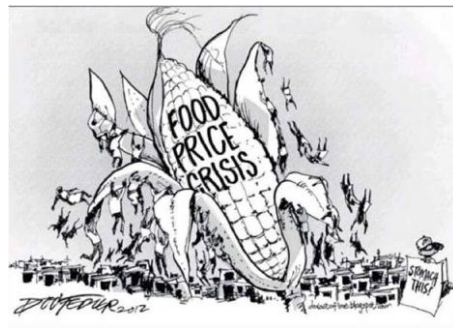
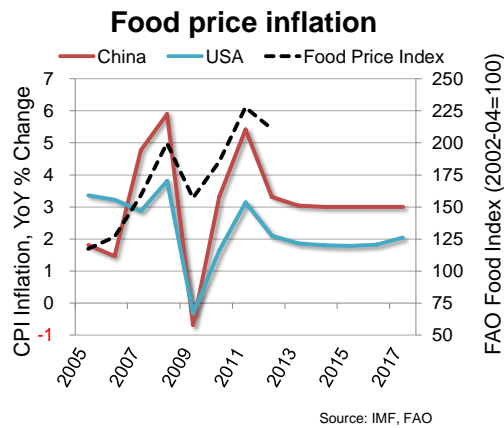
Rapid population growth + increasing affluence in Asia and S.America



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Agricultural price rises affect inflation

Slowing GDP growth and rising food prices could curb demand

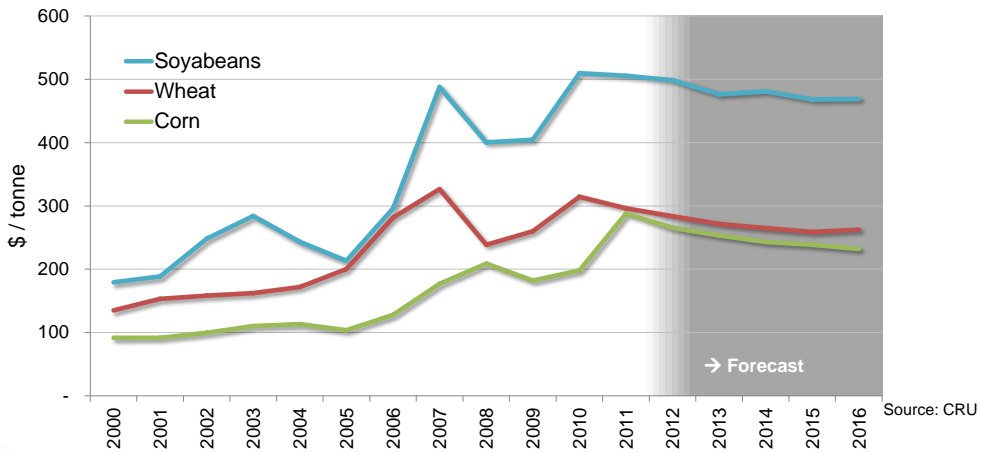


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Crop price forecast - A “new normal” seen

Suggests farmers will have the means to buy fertilizer needs

CRU price forecast consensus

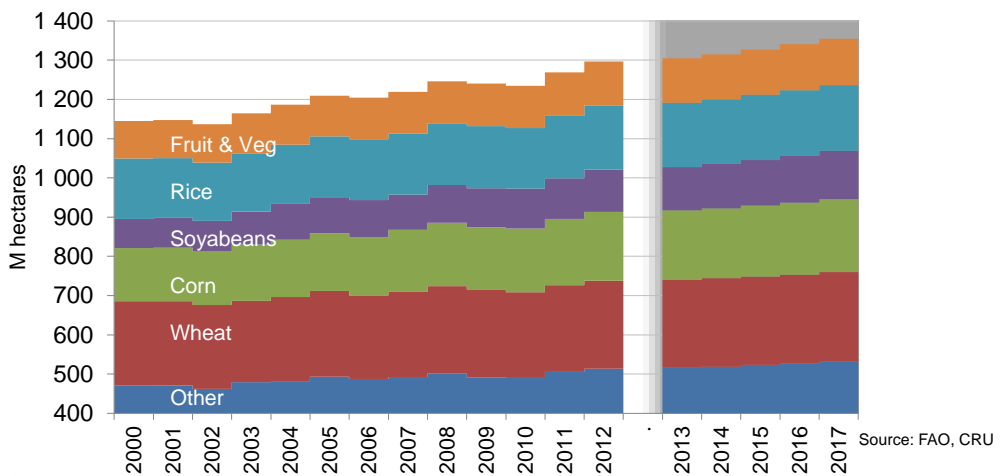


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Source: CRU

Global area for main crops continuing to increase

CRU’s agricultural model projects main growth in soyabeans and corn

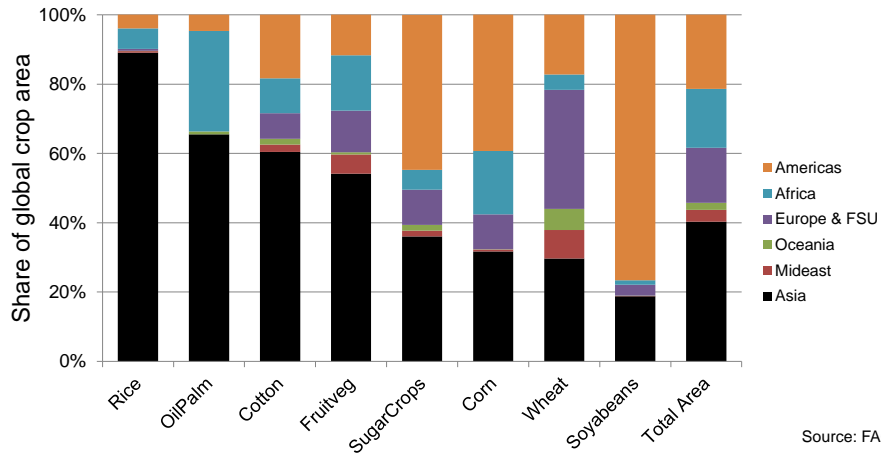


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Source: FAO, CRU

Asia accounts for 40% of total world cropping area

Dominant in a few crops, especially rice, oil palm and F&V

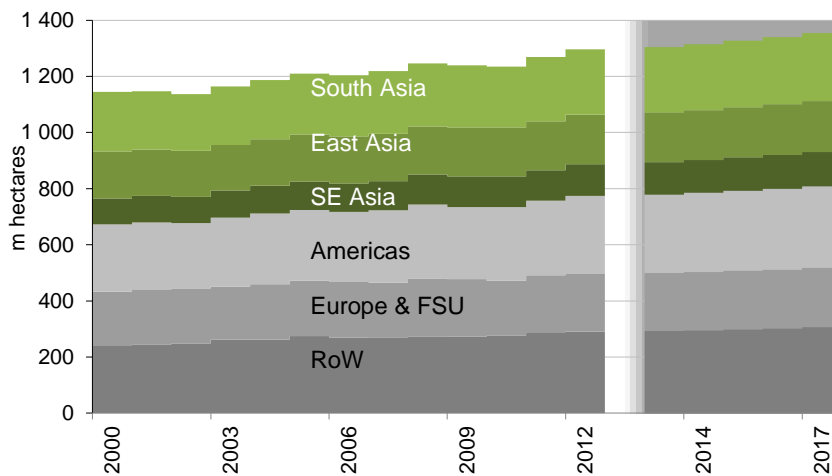


Source: FAO, CRU



Emerging economies continue to lead cropping expansion

S. America, Asia and Africa growing steadily

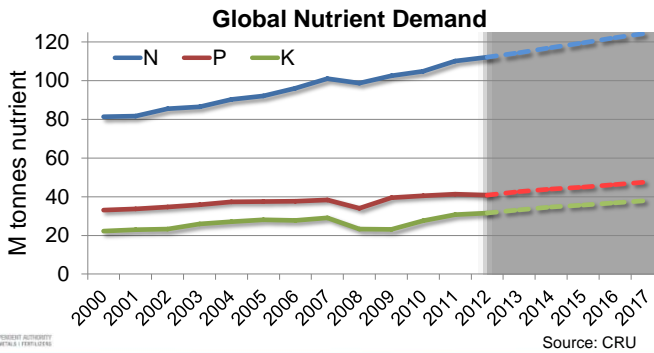
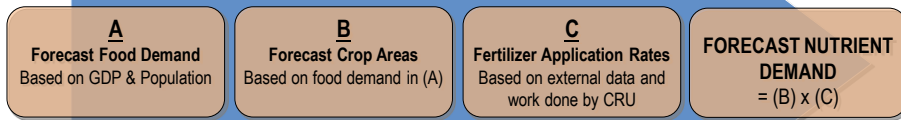


Source: FAO, CRU



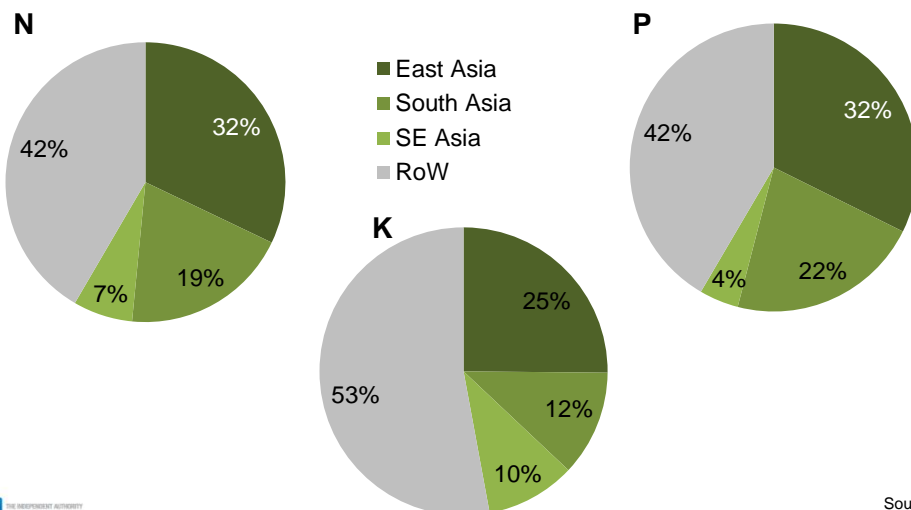
New nutrient demand methodology

CRU's bottom-up agriculture-based forecast



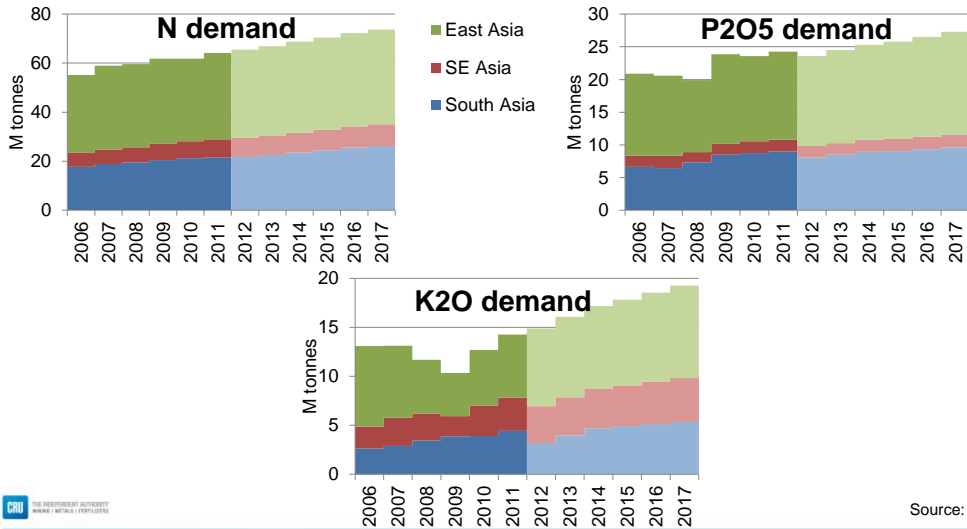
Asia share of world N, P and K

Accounts for 50-60% of total nutrient use for 40% of world's cropland



Asian nutrient demand projections

Growth across the region, East Asia continues to dominate



Upside & downside risks for agriculture & fertilizer demand

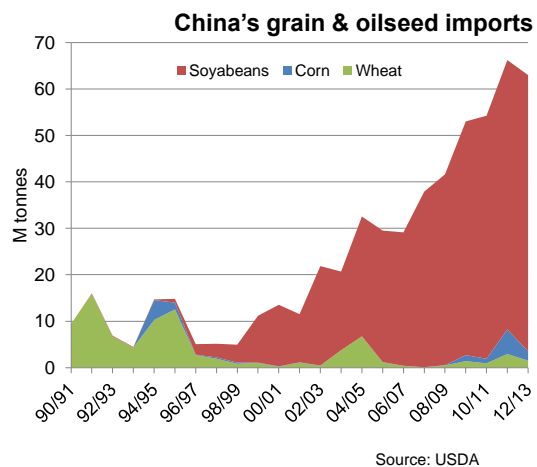
More upside risk seen in agriculture than fertilizer markets

Risks for Agriculture

- FSU export ban
- Change in biofuel policies
- Eurozone
- China importing wheat and corn

Risks for Fertilizers

- India subsidy regime
- Urea overcapacity in China
- Iran export declines



CRU fertilizer reports & forecasts integrate agri analysis

Making a crop-based assessment of fertilizer demand

Outlook Products

- Medium & long term forecasts for N, P₂O₅, K₂O and S
- Implication of agriculture market outlook & crop prices on nutrient demand forecasts



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Thank You

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for the nitrogen, phosphates, potash, sulphur and sulphuric acid industries.

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