Trust, Care & Dedication 2002-2023

NFDC I Fertilizer I Sector Update

ADAM SECURITIES LIMITED

REP # 048

Date: 21th Oct'24

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Urea offtakes plummet for sixth connective month

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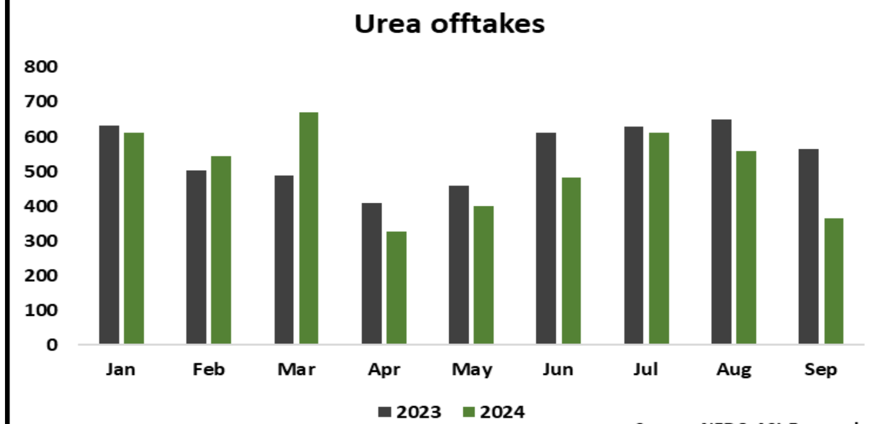
- As per NFDC data, total urea sales in Sep'24 clocked in at 365k tons, down 35%35% YoY/MoM. DAP dispatches in Sep'24 clocked In at 134k tons, up by 27%/50% YoY/MoM. On cumulative basis, Urea dispatches declined by 8% in 9MCY24 compared to SPLY. Meanwhile, DAP dispatches declined by 8% YoY during 9MCY24.
- This is for consecutive six month in row, where industry is witnessing low dispatches compared to same period of last year. This is primarily due to formers economics condition affected by low wheat prices and reduction in cotton acreage. The substantial reduction in fertilizer dispatches during the month can be attributed to the seasonality impact during the month of September, Urea dispatches decline on average by 22% mainly on cultivation season. Further, the uncertainty about the fixation of wheat support price with the IMF, has enraged the decline to 35%MoM during Sept'24. This situation has feared higher dispatches for the sewing season during CY24.
- If farmers remain uncertain about crop price, they may opt for alternative crops that require less fertilizer. This uncertainty could lead to lower fertilizer dispatches, as Urea is mainly used as pesticide for Wheat production. It is to note here that, in the month of Sep'24, urea prices decreased by Rs.98/bag, while, DAP prices increased by Rs.22/bag.
- Moreover, as the dispatches have mainly plummeted, the urea inventory has reached 622k tons, which is 7.1x higher than SPLY. Likewise, DAP inventory stands at 383k tons, which is 12.3x higher than SPLY.

Product Wise Offtakes

000 tons	Aug-24	Sep-24	MoM	Sep-23	YoY	9MCY24	9MCY23	YoY
Urea								
EFERT	163	56	-65%	195	-71%	1,322	1,727	-23%
FFC	202	187	-7%	228	-18%	1,864	1,911	-2%
FFBL	49	43	-12%	21	104%	360	254	42%
FATIMA	131	69	-48%	86	-20%	613	644	-5%
Total Urea	**559**	**365**	**-35%**	**564**	**-35%**	**4,573**	**4,945**	**-8%**
DAP								
EFERT	12	15	34%	22	-31%	196	162	21%
FFC	3	7	147%	0	1823%	71	78	-9%
FFBL	51	78	54%	76	4%	544	619	-12%
FATIMA	1	2	106%	5	-64%	37	49	-26%
Total DAP	**89**	**134**	**50%**	**106**	**27%**	**931**	**1,001**	**-7%**

Source: NFDC, ASL Research



Source: NFDC, ASL Research

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