



www.argusmedia.com

FMB WEEKLY AMMONIA REPORT

LAST UPDATED: FEBRUARY 2012

The most up-to-date FMB Weekly Ammonia Report methodology is available on www.argusmedia.com

Introduction

The FMB Weekly Ammonia Report publishes prices and market commentary on international bulk shipments of anhydrous ammonia. These prices are published every Thursday evening in the UK in the FMB Weekly Ammonia Report and in the FMB International Fertilizer Price Guide. There is no published price guide in the week between 25 December and 1 January.

Product: Anhydrous ammonia, in bulk
 Specs: 99.5% min by weight
 Water/moisture content 0.5% max by weight
 Mass concentration oil 10ppm max
 Fully refrigerated at about minus 33°C

Please note that some industrial users sometimes require less moisture and oil content, but this cannot always be guaranteed by suppliers.

The market

In the ammonia market, prices are assessed in various regions and countries on a fob (free on board) basis in the main export regions, and on a cfr (cost and freight) basis in the main destination markets. All prices are assessed in US dollars per tonne apart from the US Gulf domestic barge reference, which is priced in short tons. Prices are derived from both fob sales and/or netbacks from cfr sales using actual fixtures or indicative freight levels. Spot sales are defined as cargoes that will be loaded within around one month of the agreed sale. With the exception of prices relating to the US domestic market, minimum lot size for consideration is 5,000 tonnes.

The Price Guide reflects the last seven days of business Friday through Thursday. All information is taken into account but if the market shows high volatility, the assessments are weighted towards trading activity at the end of the Thursday of the assessment. The Yuzhny and Ventspils fob prices are assessed on latest spot sales. Where no new spot business has been done from either port, the previous week's price is maintained, or netbacks on cfr shipments to Europe/North Africa are calculated.

The Middle East and north Africa fob prices are based on latest spot sales. In the absence of new spot activity, prices are either held at the previous week's level or assessed using cfr delivered prices and freight deductions.

The Tampa cfr price is the only price point that is fixed at a set price for any period of time. All other ammonia cfr prices are either priced on a contract formula basis or on a spot basis. Contract formula prices are usually linked to previous weeks of published prices and therefore change from week to week. The far east, Taiwan, India, north Africa, and both northwest Europe cfr prices are assessed on spot/contract business where available, otherwise they are assessed using a combination of fob prices and freight rates. The Tampa price is set for one month by a major supplier, and all sales made into Tampa during that month are indexed on this price. Two prices are directly linked to the Tampa price:

- The US Gulf cfr price is linked to the Tampa price and includes a freight premium.
- The Caribbean fob price is linked to the Tampa price and is assessed by deducting freight costs from Trinidad and Tobago to Tampa.

Where there has been no discoverable business in a week for a specific pricing point, prices are either held at the previous week's range or, in the case of the Yuzhny and Ventspils fob price points, assessed in relation to sales from one of these ports, taking into account the freight differential to major importing markets.

Where trade is disrupted from a specific pricing point because of production outages, export bans etc, it is omitted from regional price points, or assessed in relation to prices in similar regions.

Price assessments

Analysts undertake a comprehensive weekly survey of key industry participants to uncover all relevant market information and to confirm market transactions, bids and offers for inclusion in the assessments. Methods used comprise the telephone and various electronic mail and messaging services to acquire and cross-check information. Coverage is not restricted to one subsection of the market such as a single trading platform or single informational channel for its market information. The market surveys are balanced in their approach and are conducted by well-trained specialists. Deals, bids and offers must be considered repeatable to be reflected in the assessments.

Argus publishes prices that report and reflect prevailing levels for open-market arm's length transactions (please see the Argus Global Compliance Policy for a detailed definition of arm's length).

Last update: February 2012