Third International Conference on Slow- and Controlled-Release and Stabilized Fertilizers

Fertilizers in Brazil – New opportunities

Rio de Janeiro
March, 2013

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Source: Cepea, IBGE

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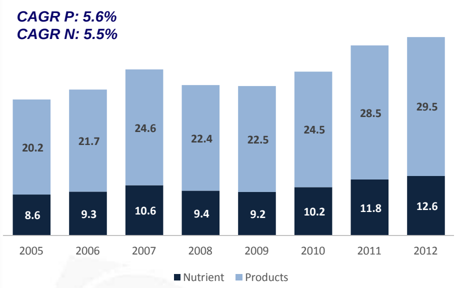
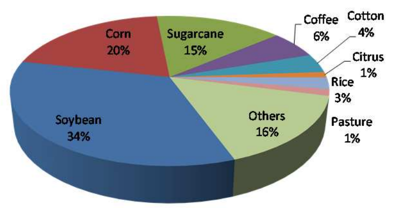
Brazilian Agriculture – Fertilizer Market

Over the past 7 years, fertilizer demand in Brazil has increased at an average rate of 5.6% annually. The growth trend was interrupted in 2008 as a consequence of the financial crisis and due to the huge increase in the price of fertilizers. Only in 2010 the market was able to recover to the 2007's levels and since then it has been reaching new consumption records in 2011 and 2012.

Fertilizer Demand 2005 – 2012 (million t)



Nutrient Demand by Crop 2012 (Share %)



Source: Cepea, IBGE

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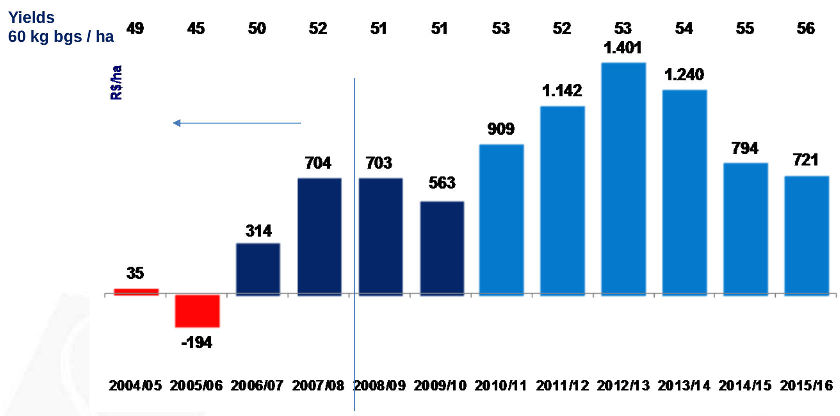
Soybean – Profitability (R$/ha)

The recent outcome is a consequence of the good financial results farmers have obtained over agriculture expenditures during the past crops.

Soybean Profitability – Mato Grosso (R$/ha)



Source: Agroconsult, ANDA, ABRASEM, ANDEF

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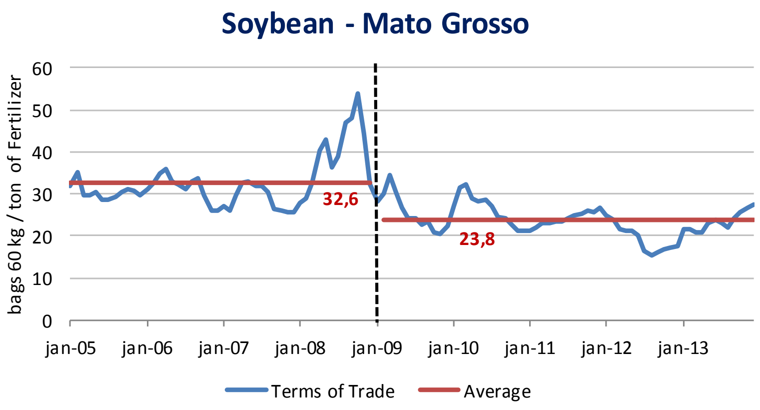
Soybean –Terms of Trade

The increase in the commodities price, which was greater than the growth in input prices, improved the relative price of fertilizer, fostering demand.

Soybean Terms of Trade – Mato Grosso (bags 60 kg / ton of fertilizer)



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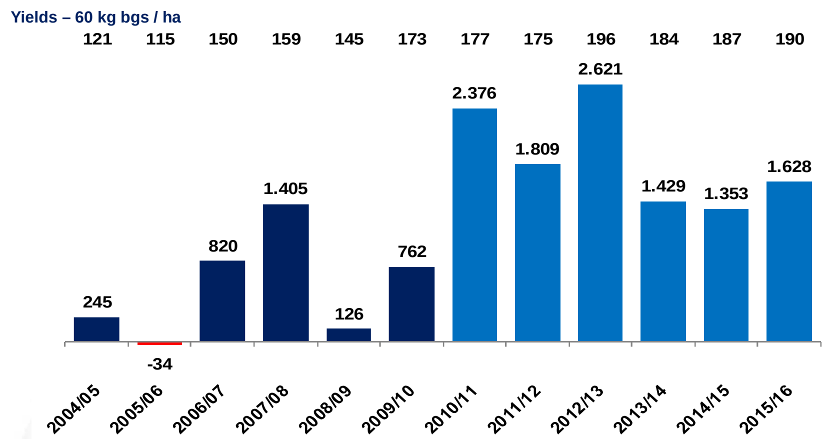
Source: Agroconsult, ANDA, ABRASEM, ANDEF

Corn – Profitability (R$/ha)

Corn Profitability – Paraná (R$/ha)



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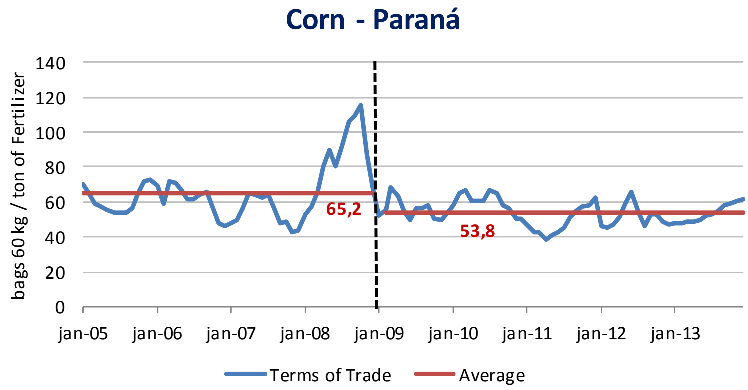
Source: Agroconsult,

Corn – Terms of Trade

Corn Terms of Trade – Paraná (bags 60 kg / ton of fertilizer)



Source: Agroconsult,

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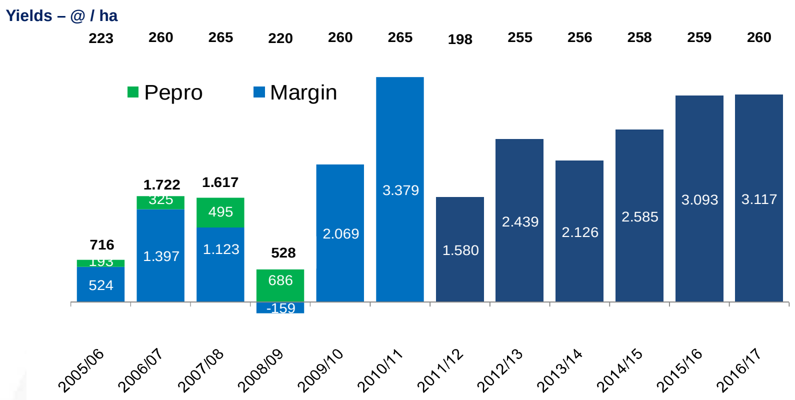
Cotton – Profitability (R$/ha)

Cotton Profitability – Bahia (R$/ha)



Source: Agroconsult,

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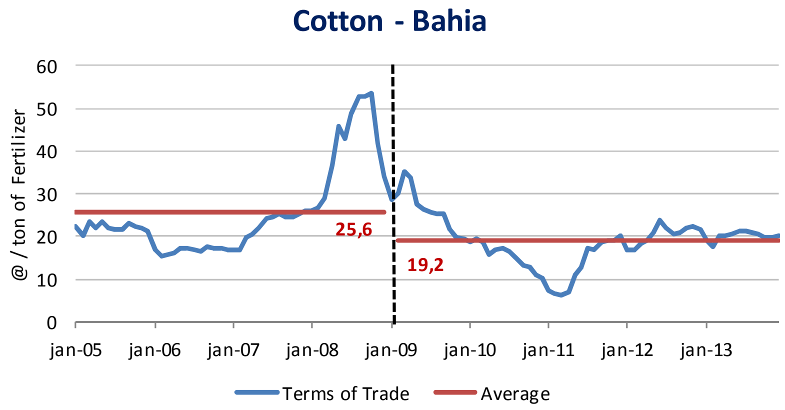
Cotton – Terms of Trade

Cotton Terms of Trade – Bahia (bags 60 kg / ton of fertilizer)



Source: Agroconsult,

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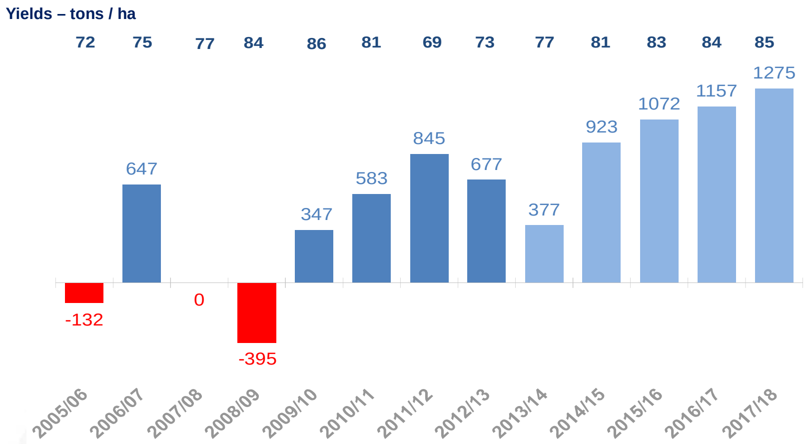
Sugarcane – Profitability (R$/ha)

Sugarcane Profitability – São Paulo (R$/ha)

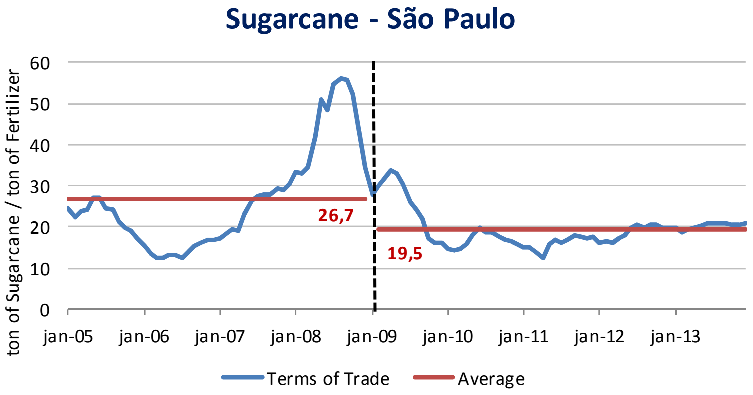


Source: Agroconsult,

agroconsult

Sugarcane – Terms of Trade

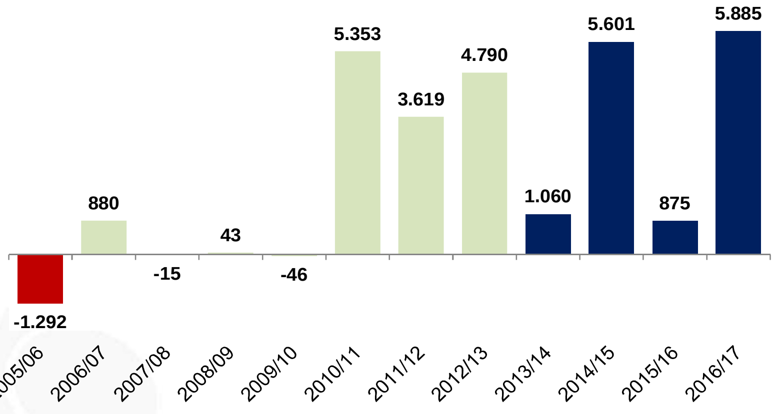
Sugarcane Terms of Trade – São Paulo (bags 60 kg / ton of fertilizer)



Source: Agroconsult,

Coffee – Profitability (R$/ha)

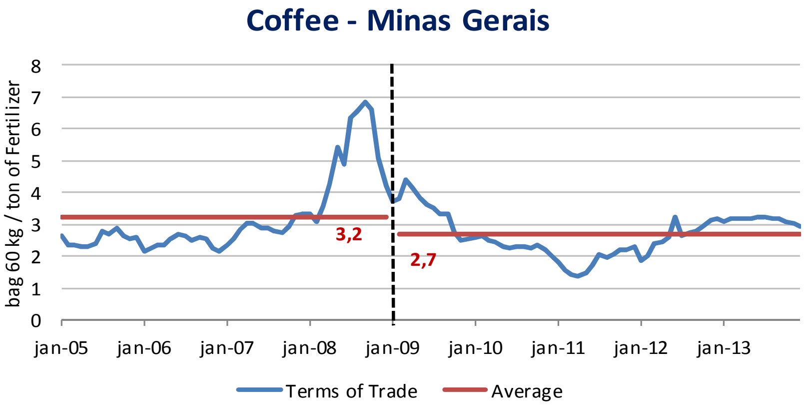
Coffee Profitability – Minas Gerais (R$/ha)



Source: Agroconsult,

Coffee – Terms of Trade

Coffee Terms of Trade – Minas Gerais (bags 60 kg / ton of fertilizer)



Source: Agroconsult,

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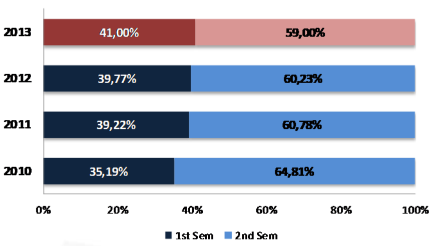
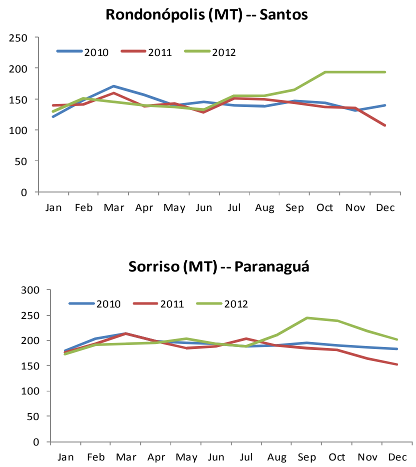
Fertilizer Demand - Seasonality

Seasonality of Fertilizer Delivery - *million t*



Freight Prices (R$/t)



Source: Agroconsult, AEDATA, Sifreca

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Farmers demand

Market Drivers

- Efficiency improvement
  - Decreasing NPK dose / ha;
  - Nutrient availability – 02/03 months before planting time;
- Cost guided by terms of trade;
- Yields average similar to conventional sources (at least);
- Decreasing environmental potential damages;

Source: Agroconsult,.

Corn Cost of production

Urea – Regular vs slow release

High technology corn – PR 2012/13 season
Expected yields – 176 bags/ha
S.R. urea premium price – 15% above regular urea.

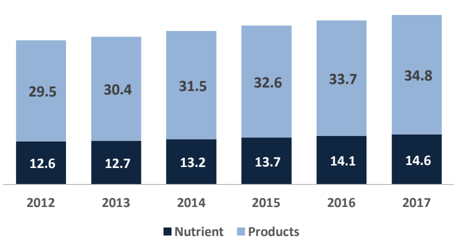
	Regular Urea		SR Urea		%
Preharvesting machinery and					
Seeds, chemicals, fertilizers, others	R$	1,554.00	R$	1,535.74	-1.2%
N (kg) / ha		100		100	0.0%
Urea efficiency		80%		100%	25.0%
Kg/ha		272		217	-20.0%
R$/kg	R$	228.26	R$	210.00	-8.0%
Total Cost / bag	R$	18.04	R$	14.60	-19.1%

Source: Agroconsult,.

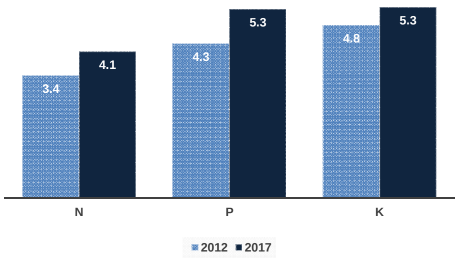
Fertilizer Demand – Forecast

In this context, fertilizer market has expanded, reaching 29.5 million tons of product and 12.6 million tons of nutrient in 2012, the best result so far. The perspective is that fertilizer demand will continue to grow in the coming years at a CAGR of 3.4% (for products) and of 3,0% for total nutrients.

Fertilizer Demand 2012 – 2017 (million t)



Nutrient Demand 2012 – 2017 (million t of nutrient)



Source: Agroconsult, ANDA.

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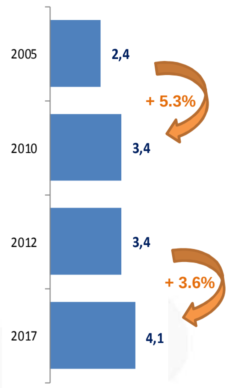
Fertilizer Demand – Nitrogen Forecast

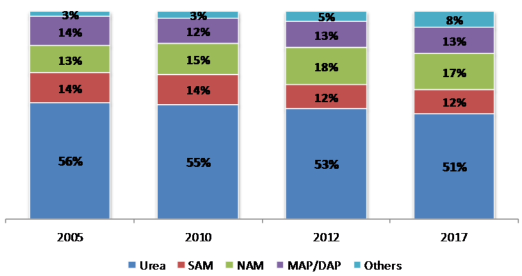
Nitrogen demand in Brazil has increased significantly since 2005 not only due to greater usage (kg/ha) for all the crops but also because of the consolidation of the sugarcane industry and the corn winter crop. The market will grow 3.6 annually till 2017, achieving the level of 3.7 million tons.

Urea is the main N source demanded in the country, accounting for 51% of this nutrient. Supply composition by product in the future must stay at the current levels.

Nitrogen Demand (million t of nutrient)



Nitrogen supply by Product



Source: Agroconsult, ANDA.

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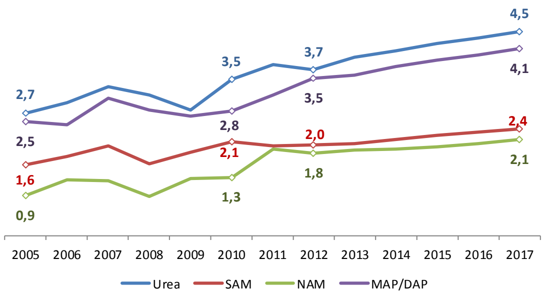
N-Raw Material Demand Forecast

The demand for all N-based products will increase in the next 5 years but Urea will grow at a lower rate than other products, which has a lower content of nitrogen

Demand by Product 2005-2017 (million t)



CAGR 2005-2017:
Total Urea: 4,2%
SR Urea – 8,4%
Regular Urea – 3,3%

Source: Agroconsult,.

Concluding Remarks

Opportunities

- Market features and results are improving
- There is a search for the increase of productivity
- Agricultural producers are now managing their resources in a better way
- Farmers are capitalized and the scenario is positive for the coming years
- Great environment regarding the receptivity to new technologies

Source: Agroconsult,.

Thank You !

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