

# Press release

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## **Rabobank Fertiliser Quarterly: Q1 2013**

**Reduced end-user demand and inventory destocking has been a feature of the global fertiliser market through Q4 2012, resulting in a lull in global trading activity which is expected to continue in Q1 2013. According to a new report from Rabobank, global fertiliser prices are likely to remain relatively range-bound and market fundamentals suggest global fertiliser markets will remain relatively balanced through Q1 2013. However, a general oversupply, especially across the phosphate and potash complex, will linger through Q1 2013 providing some potential downside price risk. As a result, Rabobank has a slightly bearish view for the fertiliser complex through Q1 2013, with urea being an exception.**

A lull in global trading activity enveloped the fertiliser complex through Q4 2012. This is normal given the state of planting and harvest during this period. As a result of the subdued demand and lacklustre trading, most nutrient prices remained relatively range-bound throughout the period. Overall, price movements were mixed across the fertiliser complex, but market sentiment has generally been weaker.

“Looking ahead, as agricultural markets are faced with the challenge of rebuilding global stocks next season, and given the precariously balanced fundamentals, global agri commodity prices are expected to remain at elevated levels in 2013.” says Rabobank analyst, Dirk Jan Kennes.

Buyers have remained cautious through the closing stages of 2012. Globally, end-user demand is seasonally low at this time of the year. Southern Hemisphere crops are underway, while the large Northern Hemisphere crops have been harvested. As a result, many market participants have taken the opportunity to liquidate excess fertiliser inventories. In the short term, at least, this means global buyers will continue to defer purchases in anticipation of lower prices given short term requirements are covered. In addition, as the euro crisis continues, European farmers are very cautious about locking in fertiliser purchases far in advance of the application season.

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