COASTER FREIGHT INDEX

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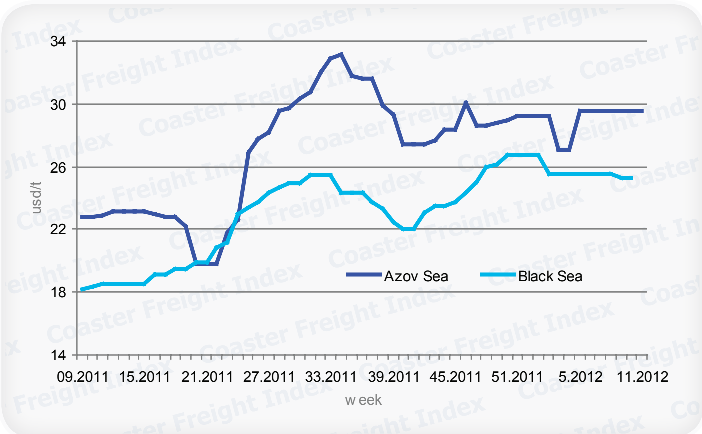
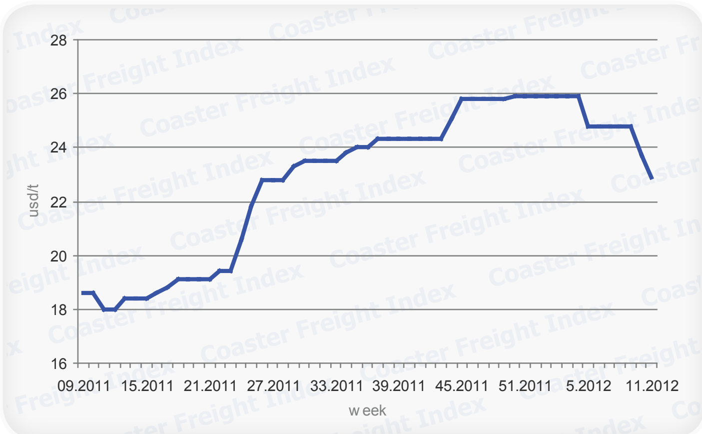
Sea-river and coaster freight rate index (SCFI)

Azov-Black Sea Basin

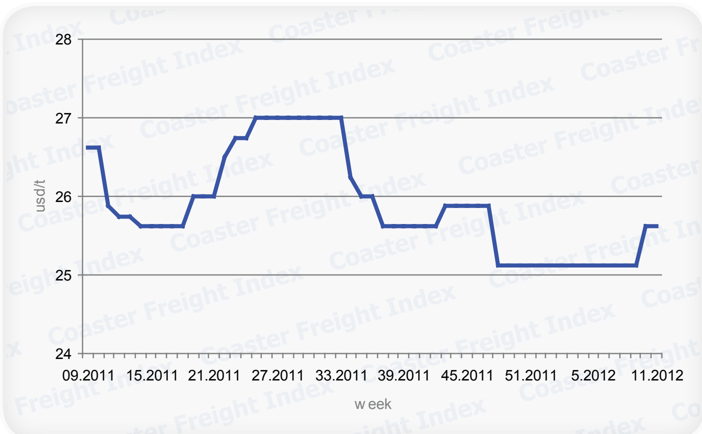


Mediterranean Sea

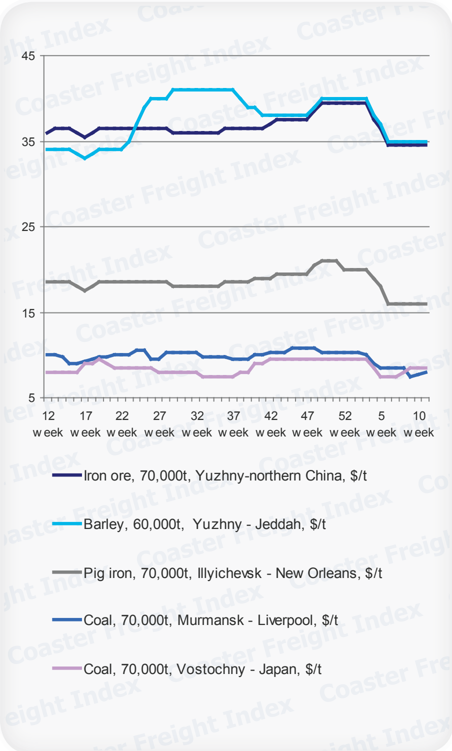


Baltic and North Seas

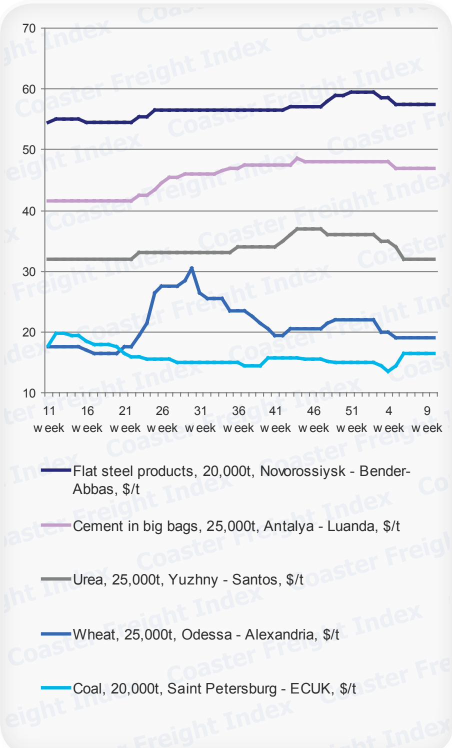
Far East Basin



Panamax/Supramax



Handysize/Handymax



Azov-Black Sea basin

No significant changes have been seen in the **Black Sea** freight market in mid-March – major cargoes are actively shipped from Russia, Ukraine, Bulgaria and Romania (almost all the ports of the basin accept ships without any ice restrictions) and the number of available small-tonnage vessels is enough to service the current cargo traffic. Shipments to the southern European ports have dropped a bit as key buyers do not make large deals due to unstable economic situation in the EU. Transportation to the Middle East and North Africa, on the contrary, has increased somewhat. Many charterers try to reduce the current price level, though shipowners stay firm – prices for bunker fuel keep on growing in the region along with expenses of fleet owners.

Finished and semi-finished steel products, grain, steam coal and mineral fertilizers are shipped most often now. Freight rates for main cargoes have stabilized in the middle of the month and the price for a 5,000 t grain shipment from Odessa to Alexandria is $35.5/t, while the same lot of steel products is still transported from Odessa to the Marmara Sea ports at $21/t.

Quotations for large-tonnage vessels have remained unchanged, though demand for transportation is still weak. Many shipowners move their fleet to the Atlantic region or hurry to sell them for scrap to India and Pakistan before monsoon season. Demand for vessels aged up to 20 years stays strong. At the moment, quotations for 70,000 t of iron ore concentrate carried from Yuzhny to the northern ports of China are $34.5/t, while 25,000 t of grain transported from Novorossiysk to Alexandria has stabilized at $12/t.

Exports of main cargoes are expected to come up seasonally on almost all routes in the Black Sea next week, pushing quotations for small-tonnage vessels up.

In the **Azov Sea**, nominal freight rates stay stable too. Thickness of the fast ice remains 30-50 cm almost in all regions of the sea. Over 80 ships are ready to depart from the Russian ports, though only 11 of them meet necessary ice requirements. On March 13, 17 vessels were reportedly moving out of the Azov Sea water area. Among all the ports of the basin, only Mariupol and Berdyansk handle small cargo volumes, accepting just fleet with ice class.

The wind is expected to start blowing in the north-western and south-western direction in the Azov Sea next week prompting ice melting in the southern part of the sea. Major market participants believe cargo traffic will recover completely by the end of March at the earliest. Next week, shipments will stay low as severe restrictions on ice class and age are still effective in the ports.

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Mediterranean Sea

Trading activity remains low in the Mediterranean freight market in the middle of the month. Main cargoes are carried only occasionally in small lots in the spot market as most charterers have adopted waiting positions and do not make large deals. The number of available vessels keeps on growing – many shipowners lay up their ships or move them to the Bay of Biscay or the North Sea.

Prices for transportation of finished and semi-finished steel products continue to decrease. Freight quotations have dropped by another $1/t over the week, but some shipowners sign contracts at the price up to $5/t lower from the average market level. Steel products are rarely shipped, only in small batches, to North Africa and the Middle East. Now, one must pay $27/t to carry 3,000 t of steel products from the Marmara Sea ports to Alexandria; the tariff for transportation of the same amount of steel products from Venice to Algeria has declined to $25/t.

Prices for transportation of steel raw materials, grain and construction cargoes have dipped by an average of $1/t. There is still an abundance of fleet in both eastern and western parts of the basin, letting charterers knock prices down for major cargoes.

The downturn will still be observed in the Mediterranean Sea next week as most cargo owners are in no hurry to make new deal, while the number of available ships continues to rise.

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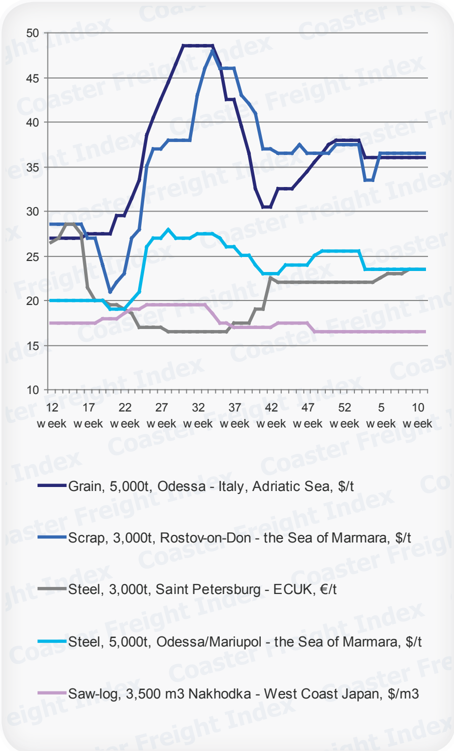
Baltic and North Sea Basin

Trading activity has slowed in the Baltic and North Sea freight markets by mid-March. Demand for shipments is quite weak in the major ports of the basin. The most intensive cargo traffic is still observed in the Gulf of Finland. Shipowners are trying to increase prices citing growing fuel prices and still complicated ice conditions in the Gulf of Finland and the Gulf of Bothnia. However, charterers can easily keep rates at the current level thanks to a large number of ships available, especially in the southern part of the Baltic Sea.

Shipment by Panamax vessels has gather momentum, mainly in the southern part of the Atlantic Region. Freight rates have added only $0.5/t as the number of the ships is sufficient

Coasters/Sea-river vessels



in the region. Demand for transportation by Handysize fleet is growing at a very slow pace. Cargoes (grain and sugar) are carried most actively in South America and the Gulf of Mexico, but shipowners cannot pass increases considering the abundance of vessels.

Steel products and semis are steadily shipped by coasters and sea-river vessels, mainly from Russia. Freight rates for metal transportation have not changed much. A 3,000-tonne shipment of flats from St. Petersburg to the eastern ports of the UK costs EUR 23/t, as a week ago.

European importers have raised demand for steel scrap. Small lots of about 3,000 t are carried from the Baltic Sea mainly to Germany, Spain and the ARA ports. Handysize shipments from the Baltic Sea are rare, while large-tonnage traffic from the North Sea to the Middle East is steady. Freight rates for scrap and other steel raw materials have not changed.

Mineral fertilizers and chemicals are shipped mainly in large batches to South America and Asia as often as before. Relatively small volumes of fertilizers are carried by coasters and sea-river vessels in the spot market now. However, market participant expect demand for the material from European buyers to go up somewhat in late March and early April. Freight rates for fertilizer shipments have not changed much in a week.

Steam coal is actively shipped from Russia and Latvia in large lots, as usual. Transportation by coasters and sea-river fleet has dropped a little. Only Panamax rates have gained $0.25-0.5/t.

Timber is quite actively carried from the Baltic Sea ports. Small lots of the cargo are transported to Europe in stable volumes. Batches of 8,000-18,000 cu m are now more frequently shipped to North Africa, Egypt in particular.

The Baltic and North Sea freight markets will probably stay stable in the second half of March. Prices will barely increase even if trade speeds up a little, for there are plenty of available vessels in the basin, including ships with ice class.

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Caspian Sea

In mid-March, trade has revived somewhat in the Caspian Sea freight market. Iranian importers have slightly increased buying of steel products. Grain supplies to the country continue growing as well. Nevertheless, transportation demand remains slack at the Russian ports of the region. Consignors are slow to ship new tonnages to the ports of Astrakhan because of transportation difficulties. Although the ice situation is still tight in the Volga-Don Canal, ice class restrictions have been lifted. Due to the standstill in transportation, the spread in nominal freight rates is up to $5/t on the same routes. This is attributed to the fact that the cargoes previously booked at higher prices are still waiting for shipment in Astrakhan. New contracts are being concluded at lower tariffs in anticipation of better ice conditions though. The average rate has changed insignificantly. Nominal tariffs for transportation of steel products and timber from Astrakhan have fallen by about $0.5/t. Transportation of a 3,000-tonne lot of flat products from Astrakhan to Anzali costs $26.5/t now, up $8.5/t from mid-March 2011.

In the central part of the basin, available ships are still overabundant, and freight rates keep low.

Charges for cargo transportation from Astrakhan may start moving down in the second half of March as the ice situation improves in the Caspian Sea. If trade keeps rallying, however, freight rates will recede just slightly in Astrakhan and some rise is even possible in Aktau and Makhachkala.

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Far East basin

Shipments from the Russian ports of the Far Eastern freight market have increased in the middle of March – key buyers from China, Japan and South Korea have been striking increasingly more long-term and spot contracts. The cargo traffic to SE Asia has been almost restored as importers have been replenishing stocks of major products after the typhoon season. Available fleet being in sufficient quantity, freight rates have so far remained stable; just some shipowners have been concluding deals $1-3/t higher from the average market level.

The freight market for **Panamax** and **Handysize** vessels has not changed much in the middle of the month. Large-tonnage ships are plentiful and demand for cargo transportation is feeble, shipments being made sporadically. Freight rates have stayed steadily low.

Saw log and sawn timber shipments are steady, small batches to Japan and the norther ports of China prevailing. Transportation charges for 3,500 cu m of saw log delivered from Nakhodka/Vladivostok to the west coast of Japan have settled at $16/cu m; freight rates for 3,000 cu m of sawn timber shipped from Vanino to the west coast of Japan have stabilized at $29.5/cu m.

Transportation of semi-finished and finished steel products is increasing further, buyers from SE Asia stepping up purchases. Freight tariffs are so far stable amid sufficient tonnage available in the market.

Ferrous raw materials are being shipped less frequently than in late February. After the restrictions on steel scrap exports from the Primorye ports were imposed, major suppliers have been just negotiating a possibility of shipping scrap via Magadan. Nominal freight rates have remained stable.

Quotations may rise in the Far Eastern basin in the second half of March if major buyers continue increasing import of steel products, raw materials and timber cargoes.

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Also we have freight lists divided by cargo type:
steel products, non-ferrous metals, ferrous raw materials, coal, fertilizers and chemicals, grain, timber and construction cargoes.

as well you can find bunker prices there

Type of ship	Rate, $/day	w-o-w
Black sea		
STK	3,000-3,100	=
Sormovsky	3,600-4,100	=
Volga	4,300-5,300	=
Azov sea		
STK	2,600-2,900	=
Sormovsky	3,500-3,600	=
Volgo-Don	4,000-4,200	=
Volga	4,200-4,900	=
Mediterranean sea		
STK	2,300-2,600	=
3000 DWT	3,400-3,500	=
5000 DWT	5,100-5,300	=
6-7000 DWT	6,500-6,800	=
Baltic Sea		
3000 DWT	€1,800-2,100	-100
3,5-4000 DWT	€2,200-2,500	-100
5-6000 DWT	€2,900-3,200	-100
Caspian Sea		
Sormovsky	2,600-2,800	=
Far East		
Sormovsky	2,200-2,400	=
Pioner	3,500-3,700	=
Dmitriy Donskoy	7,500-7,700	=

Time-charter rates for sea-going and sea-river vessels // week 11, 2012

In mid-March, time-charter rates for coasters and sea-river vessels have not changed much in the **Black Sea** freight market. Transportation is growing only on some routes, and there are enough ships to transport the booked tonnages in the basin. In the second half of March, time-charter and freight rates may go up following a prospective seasonal upturn in exports of major cargoes to almost all destinations. The ice situation remains tight in the Azov Sea, shore ice thickness being still 30-50 cm. Main market participants do not expect transportation to rally until late March. There is obviously almost no demand for time-charter now.

In the **Mediterranean Sea**, average time-charter rates are the same as before. Trade is still slack, with major cargoes being just occasionally shipped in small spot lots. Most charterers have adopted a wait-and-see attitude and are not making big deals. The number of available ships continues increasing rapidly. Next week, time-charter tariffs may lower if transportation demand keeps weakening.

In the **Baltic** and **North Sea** freight market, rental fees for coasters and sea-river ships have lost some €100/day. Major cargoes are shipped rather rarely, and available vessels are plentiful in the basin. Demand for ice-strengthened ships is gradually declining, charterers being still little interested in ships with no ice class as well. In mid-March, the market will most probably stay unchanged. Time-charter and freight rates may continue falling only if the ice situation improves much in the Gulfs of Finland and Bothnia.

In the **Caspian Sea**, time-charter rates are stable. Severe ice conditions still hamper cargo transportation from the ports of Astrakhan. In the central part of the basin, shipping fees stay extremely low because of the excess in available vessels. Under the circumstances, charterers are rarely interested in time-charter.

In the **Far East**, shipments from Russian ports are gradually swelling. Major Chinese, Japanese and South Korean buyers are booking increasingly more under both spot and long-term contracts. Transportation to Southeast Asia has almost restored. Time-charter rates are standing still so far owing to the abundance of available ships in the basin. Next week, time-charter tariffs will rise if trade continues growing in the region.

Average time-charter rates for large-tonnage ships // week 11, 2012

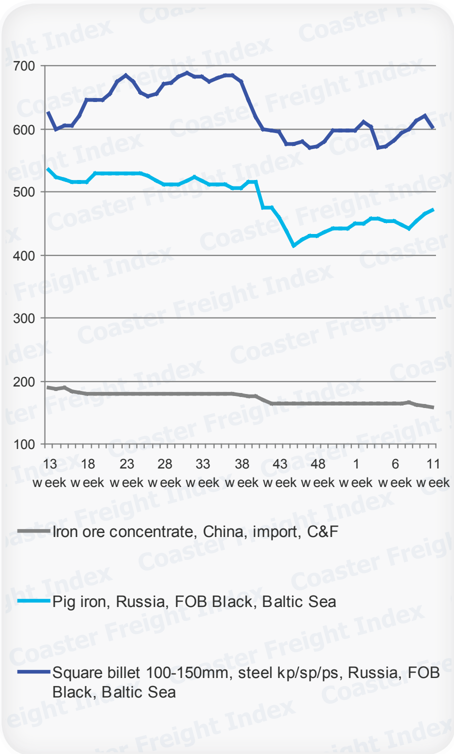
	Atlantic / Pacific, rate, $/day	w-o-w
Panamax 60,000 - 79,000 DWT	8,700 / 4,400	+1,000 / =
Supramax 50,000 - 59,000 DWT	7,700 / 3,500	+1,000 / =
Handymax 40,000 - 49,000 DWT	6,500 / 4,300	+500 / +300
Handysize 15,000 - 39,000 DWT	5,500 / 3,800	+500 / +300

Time-charter rates for **Handysize** ships have added $500/day in the Atlantic in the middle of March. Demand for major cargo transportation has been increasing in both the Gulf of Mexico and the ports of South America, yet a great number of available ships makes it impossible for shipowners to scale up prices significantly (especially in the southern part of the Atlantic). Not seeing the market improving, owners of fleet over 20 years old have to cut prices amid stiff competition. The similar situation is observed in the Pacific Region as well - despite some rise in shipments, an abundance of fleet hampers the price growth (just $300/day up over the week).

As demand for cargo shipments by **Panamax** vessels has increased notably in South America, for grain transportation in particular, shipowners have succeeded in lifting the rates by as much as $1,000/day in the Atlantic. Transportation in the Pacific has slowed down after the last week's increase, and time-charter rates have stayed low amid excessive tonnage available.

It is likely that cargo offering will continue increasing in the second half of March, but shipowners will barely have a chance to hike time-charter rates in view of the excess of ships.

Export prices for basic metallurgical raw materials and steel products // week 11, 2012



	16 March	9 March	w-o-w
Metallurgical coke, $/tonne			
Ukraine, FOB Black Sea	300-330	300-330	=
Iron ore concentrate			
Russia, export to Europe, DAF Ukrainian border	125-130	125-130	=
Ukraine, export to Europe, DAF Ukrainian border	125-130	125-130	=
Iron ore fines			
India (Fe 63,5%), C&F China	149-150	148-150	+0,5
Brazil (Fe 64,5%), C&F China	-	160	-
Australia (Fe 61,5%), C&F China	144-146	144-145	+0,5
Pellets, $/tonne			
Russia, export to Europe, DAF	145-150	145-150	=
Ukraine, export to Europe, DAF	145-150	145-150	=
Steel scrap 3A, $/tonne			
Russia, FOB St. Petersburg	390-400	400-405	-7,5
Russia, FOB Far East	395-400	400-405	-5
Russia, FOB Rostov-on-Don	393-399	403-404	-7,5
Ukraine, FOB Black Sea	400-409	410-414	-7,5
Pig iron, $/tonne			
Russia, FOB Black, Baltic Sea	470	465	+5
Russia, FOB Far East	480-490	480-490	=
Ukraine, FOB Black Sea	455-465	455	+5
Square billet 100-150mm, steel kp/sp/ps, $/tonne			
Russia, FOB Black Sea	600-605	620	-17,5
Russia, FOB Far East	620-625	620-625	=
Russia, FOB Caspian Sea	625-630	-	-
Ukraine, FOB Black Sea	605-610	615-620	-10
Cast slabs, steel kp/sp/ps, $/tonne			
Russia, FOB Black, Baltic Sea	570-590	555-570	+17,5
Russia, FOB Far East	590	590	=
HR sheet, coil 2-8 mm, steel kp/sp/ps, $/tonne			
Ukraine, FOB Black, Azov Sea	640-645	585-605	+47,5
Russia, FOB Black Sea	640	605-620	+27,5
Russia, FOB Baltic Sea	635-650	620-640	+12,5

For more information on global steel and raw materials market see Metal Expert News & Market Reports service

In mid-March the trading activity in the **iron ore** market in China started to show signs of revival. Gradual improvement in the finished products market encourages demand for iron ore from steelmakers and traders, who, however, do not hasten to purchase large volumes. Exporters, in their turn, use any opportunity to raise prices.

Australian suppliers stuck to the step-by-step increase tactics, but failed to reach an agreement in negotiations with buyers – no deals were concluded. Also, some large ports were closed amid unfavorable weather (West coast of Australia was hit by a cyclone) which contributes to the increase ($0,5/tonne) in prices for Australian material. Indian suppliers raised prices for 63,5/63% Fe fines by $0,5/tonne but no deals were signed. In a segment of lower quality ore Indian exporters sold two batches of 59% Fe fines at $131-132/tonne C&F Qingdao. Also suppliers from Venezuela came into the market and sold a cargo of 63,75% Fe material at $147/tonne C&F Qingdao.

It is expected that next week exporters will carry out another upward correction, justifying it by growing demand and tough weather conditions in Australia.

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This week activity of buyers in the **ferrous scrap** market in Turkey was growing amid lower prices. Most Turkish metallurgical companies have already bought enough material for work in March and started taking cargoes for April. Suppliers from the USA were first to offer discounts, so they concluded a number of deals. One of American sellers sold 6 big batches of scrap: HMS 1&2 80:20 material was sold at $439-443/tonne C&F, shredded scrap – $444-448/tonne C&F and P&S at $450/tonne C&F Turkey. Another American exporter sold a mixed cargo of HMS 1&2 80:20, shredded scrap and P&S at $442/tonne, $447/tonne and $452/tonne C&F Turkey respectively. Most European suppliers adopted wait-and-see attitude and did not enter the market, however some sellers offered discounts and concluded deals. A British company sold 25,000 tonnes of HMS 1&2 80:20 scrap at $441/tonne C&F Turkey. Suppliers from the CIS lowered offer prices for 3A grade scrap by $7,5/tonne to $393-399/tonne FOB Russian ports and $400-409/tonne FOB Ukrainian ports, but deals were not signed – Turkish buyers still considered the prices too high.

Ferrous scrap market in the Far East remained quite sluggish, so most suppliers made abatement. South Korean company Hyundai Steel bought a batch of Japanese HMS №2 scrap at $388-394/tonne FOB Japan. American traders lowered offer prices for HMS 1&2 80:20 material for South Korean and Taiwanese buyers by $5/tonnes, though they failed to achieve success at the negotiations. There were sporadic offers from Russian suppliers for 3A grade material at $450-455/tonne C&F South Korea.

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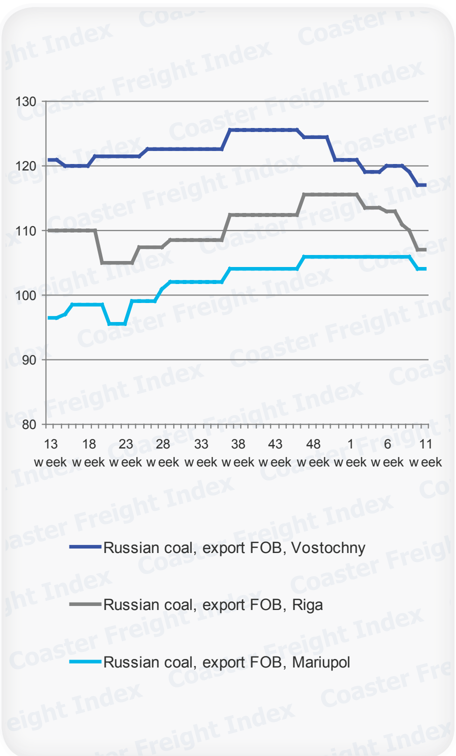
In the middle of the current month **billet** suppliers from the CIS found themselves in a difficult situation – Turkish steelmakers abstained from buying square billet amid lower imported scrap prices in the country. Companies from the Persian Gulf and North Africa adopted a wait-and-see stance too and did not buy any Ukrainian or Russian cargoes. As a result, billet suppliers who work in the Azov-Black Sea region had to cut offer prices by $10-17,5/tonne to $600-610/tonne FOB Black Sea. Some exporters concluded sporadic deals at $605/tonne FOB Black Sea.

Demand for billet in South East Asia was quite high – steelmakers from the Philippines, Indonesia and Thailand made purchases. South Korean and Japanese billet is currently in high demand in the region; Japanese suppliers offered billet at the lowest prices – around $610-615/tonne FOB Japan – thanks to depreciation of the yen against the US dollar. However, Russian exporters concluded some deals as well – one of sellers sold 35,000 tonnes of billet at $642/tonne C&F South-East Asia.

Coal export prices // week 11, 2012



	16 March	9 March	w-o-w
thermal coal export			
Russian coal**, FOB Riga	106 - 108	106 - 108	=
Russian coal**, FOB Vostochny	116 - 118	116 - 118	=
Russian coal*, FOB Yuzhny	104 - 106	104 - 106	=
Russian coal*, FOB Mariupol	103 - 105	103 - 105	=
Ukrainian coal*, FOB Ukraine	102 - 104	102 - 104	=
South Africa**, FOB Richards Bay	103 - 104	103 - 104	=
Australia**, FOB Newcastle	104 -109	108 - 111	-3
import			
Europe**, CIF ARA	94 - 98	95 - 97	=
Turkey**, CIF Marmara	124 - 125	124 - 125	=
Japan**, CIF East Coast of Japan	124 - 127	124 - 127	=
coking coal, export			
Australia, FOB Gladstone	211 - 215	211 - 215	=
Canada, FOB Vancouver	206	206	=
USA, FOB Norfolk	180 - 190	180 - 190	=
Russian coal, FOB Vostochny	193 - 195	193 - 195	=
Russian coal, DAF Ukraine	165 - 240	165 - 240	=
* 5500 kcal/kg coal			
** 6000-6300 kcal/kg coal			

In the middle of March trading activity in the thermal coal market in West Europe remains quite low. Ample stocks at major power plants and at the ARA ports still make it possible for the majority of power utilities to abstain from concluding new deals. Some companies even try to re-sell excessive volumes in the alternative markets – in the Mediterranean and Asia. As a result, just two deals were concluded this week – for delivery of 50,000 tonnes of coal in April at $94/tonne DES ARA and the similar batch for June shipment at $98/tonne DES ARA.

Activity of buyers in the thermal coal market in Australia was slightly higher amid lower (by $3/tonne) prices at Newcastle. Two spot cargoes (50,000 tonnes and 25,000 tonnes) of 6000 kcal/kg coal for April shipment were sold for $104,25/tonne FOB Newcastle. In a segment of 5500 kcal/kg coal there was some interest of Chinese buyers – exporters offered cargoes at $92,5-93,5/tonne FOB Newcastle. At the end of the previous week a Capesize of such coal was sold at $103,5/tonne C&F China.

Coal prices in South Africa were unchanged this week. South African thermal coal is in good demand among Indian buyers, in the middle of the week one of Indian importers bought a Capesize of coal at $103,45/tonne FOB Richards Bay. Also, deals for May shipment were concluded at $103-103,25/tonne FOB Richards Bay. Exporters offered cargoes to China at $120-121/tonne C&F, but Chinese buyers considered this price level to be too high, so no deals were signed. At present many Chinese importers prefer buying cheaper US or Colombian thermal coal. This week sellers offered US-origin cargoes at $102/tonne C&F China, while 5700 kcal/kg Colombian coal was offered at $106/tonne C&F China.

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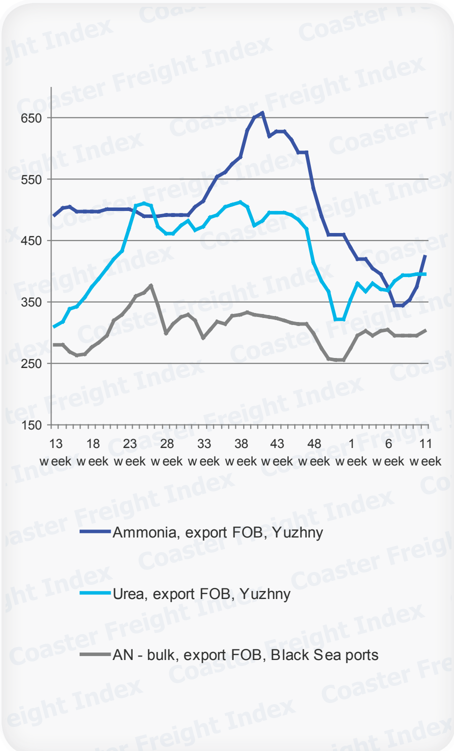
Weekly tenders:

At the end of the previous week a Taiwanese state-run company Taipower concluded contracts in its latest tender. A total of 13 Panamax-batches of 5000 kcal/kg Indonesian coal was purchased; the cargoes will be shipped from May to August. Advance Trading will supply 6 batches of coal, LG will ship only 1 batch, while traders Flame and Universe Marine will deliver 3 Panamaxes each.

This week Korean company Korea South-East Power (KOSEP) has purchased 6 Capesize-batches of 5700 kcal/kg Colombian coal at $88,5/tonne FOB Colombia; delivery schedule – July-August. 3 batches will be supplied by Gunvor while EDF Trading will deliver the remaining 3 batches.

Mineral fertilizer export and import prices at key ports // week 11, 2012



	16 March	9 March	w-o-w
Urea - prille-d bulk, $/tonne			
FOB Yuzhny	390-400	390-400	=
FOB Baltic Sea	390-395	385-395	+2,5
FOB Bulgaria/Romania	425-435	415-425	+10
CFR India**	443-447	443-447	=
CFR Tampico (Mexico)	425-435	430-442	-6
CFR Brazil	420-430	420-430	=
AN - bulk, $/tonne			
FOB Black Sea	295-310	290-300	+7,5
FOB Baltic Sea	300-310	285-295	+15
AS - bulk, $/tonne			
(white) FOB Yuzhny	200-213	195-210	+4
(standard) FOB Kherson	162-170	165-175	-4
UAN - 32%, $/tonne			
FOB Baltic/Black Sea*	255-270	235-245	+22,5
CFR US East Coast	320	320	=
DAP - bulk, $/tonne			
FOB Baltic/Black Sea	500-505	500-505	=
FOB China (+19-20% exp.tax)	515-520	515-520	=
FOB Tampa	505-510	505-510	=
FOB Tunisia	550-575	550-575	=
FOB Morocco	505-550	505-550	=
CFR India	540-550	545-550	=
CFR Pakistan*	560-570	560-570	=
CFR Latin America	540-545	540-545	=
MAP - bulk, $/tonne			
FOB Baltic/Black Sea*	500-505	500-505	=
CFR Brazil	540-545	540-545	=
Ammonia, $/tonne			
FOB Yuzhny	400-450	370-380	+50
FOB Ventspils	405-460	395-410	+30
FOB Middle East (spot)	360-375	365-370	=
CFR Morocco	450-460	375-385	+75
CFR US Gulf	400	400	=
CFR Tampa	400	400	=
CFR Southern Europe (duty paid)	470-490	420-430	+55
CFR North.-West. Europe (duty paid)	470-490	425-440	+47,5
MOP - bulk, $/tonne			
FOB Baltic Sea (standard)	440-500	440-500	=
FOB Baltic Sea (granular)	455-515	455-515	=
FOB Vancouver (standard)	450-510	450-510	=
FOB Vancouver (granular)	465-525	465-525	=
FOB Jordan/Israel (standard)	450-500	450-500	=
CFR Brazil (granular)	520	520	=
CFR China (standard)	470	470	=
CFR India (standard***)	470-490	470-490	=

	16 March	9 March	w-o-w
CFR Southeast Asia (standard)	535	535	=
DAF Russia/China (standard)	430-435	430-435	=
NPK 16-16-16 - bulk, $/tonne			
FOB Black/Baltic Sea	425-435	420-430	+5
Sulphur - dry bulk, $/tonne			
FOB Black Sea	130-140	130-140	=
FOB Vancouver (spot)	180-185	180-185	=
FOB Arab Gulf (spot)	175-195	175-195	=
FOB Arab Gulf (QI 2012 contract)	170-178	170-178	=
CFR North Africa (IH 2012 contract)	175	175	=
CFR China (spot)	210-225	210-220	+2,5
CFR Mediterranean Sea (incl.N.Africa, spot)	120	120	-
CFR India (products of the AG countries)	185-195	185-195	=
CFR Brazil	195-200	195-200	=
*** - price with a 180-days credit			
** - no current deals			
* - reference price			

Urea

This week, India's IPL has finally invited offers for urea. Upon conclusion of the auction (March 24), market participants will get the clear view of the actual price trend that is very likely to turn around after the February rise in quotations. Amid weak demand in other key markets, Indian importers will manage to receive quite a number of low offers. It is primarily Iranian suppliers, who closed the latest deals at $370/t FOB and under (about $390/t CFR west coast of India), that will drop quotations. With such prices for India, exporters operating in the Black Sea basin will be able to sell the fertilizer at no more than $350/t FOB to Asia, which is much below current prices. Nevertheless, Ukrainian and Russian suppliers still reckon on marketing March and April output at $400/t and above.

Now, March shipments from Yuzhny are estimated at 203,000 t, 120,000 t less than last month. Most of these amounts have already been shipped to consumers. Latin American importers, however, are curtailing purchases, with trade expected to rally in the region in mid-April at the earliest. Pakistani buyers will not return to the urea market in the medium term either, as the country's government decided to barter 1 mt of wheat and 200,000 t of local rice for large quantities of urea and iron ore in Iran.

Ammonium nitrate

Prices for ammonium nitrate are still just nominal at CIS ports, the product being rarely offered to overseas buyers because of strong domestic demand and domestic prices well outstripping export ones. So, at home Ukrainian ammonium nitrate is being sold at UAH 3,300/t CPT by producers and at up to UAH 3,450/t by traders. The average price for a wagonload of ammonium nitrate is UAH 3,290-3,300/t ($409-412/t) CPT, calcium nitrate being available at UAH 2,600-2,650/t ($324-330/t) CPT In March, imports of ammonium nitrate and CAN from Russia have dropped, and traders are selling the remainder of the product at some UAH 100-200/t higher prices than those for local output.

Ammonium sulphate

Demand for ammonium sulphate of both grades has stayed consistent, thereby enabling traders to scale up prices. This week, the product derived from caprolactam has been offered to Malaysian and Indonesian buyers at $250-255/t CFR ($213/t FOB Yuzhny). Several lots of standard product have been purchased by traders at $163-165/t FOB Kherson, new offers running at $170/t FOB. From TIS terminal, over 74,000 t of white ammonium sulphate may be shipped in March, which includes around 66,000 t to be exported to Indonesia and 8,500 t – to El Salvador. Russian product comprises the greater part of these quantities and Cherkassy Azot's ammonium nitrate accounts for just 12-13% of them.

UAN

In the UAN segment, consumer activity picked up notably in early March. So, in France stronger demand pushed UAN-30 prices up to €214-217/t FCA, the fertilizer occasionally changing hands even at €220/t FCA. In the USA, UAN quotations have stayed unchanged at about $320/t CFR over the week. Despite that, big amounts are bought from Middle Eastern producers mainly. It is also reported that a 30,000-tonne lot of Lithuania-origin UAN will be shipped to the USA in early April. Since the beginning of the current marketing year, North American consumers have bought around 2.08 mt of UAN, particularly 704,000 t in Russia, 510,000 t in Trinidad and Tobago, and 332,000 t in Canada.

Ammonia

Q1 cutbacks in ammonia production by Russian and Ukrainian plants have finally taken effect. The lack of the product to be available for exports in April coupled with growing demand and slack competition with Middle Eastern suppliers has caused prices to rebound. The latest sale of 25,000 t of the product to be shipped from Yuzhny in the first half of April by NF Trading at $450/t FOB and the deal between AFT and Odessa Port Plant for 15,000 t of ammonia closed at $420/t FOB have returned the product quotations at the port to the level of early 2012. In the Baltic, the whole March output has been sold. In April, supply will also be limited due to the fall in production. Therefore, ammonia suppliers can quote $460-470/t FOB for ammonia to be booked in future. From Ventspils and Sillamae, not much of ammonia will be shipped in the next two months, as Togliatti Azot is going to transport the fertilizer by pipeline rather than by rail. In this view, only small exporters are likely to ship it.

It is hard to say for how long the current prices will keep, as the USA is not expected to recommence large-scale purchases until the second half of April (with May delivery). The price rise may promote production in the CIS, and that may cause the market to go into a nosedive in context of moderate demand from importers and production recovery in the Gulf States.

Phosphates

The market for phosphorous fertilizers has seen no dramatic changes over the past week, with buyers and sellers still waiting for conclusion of Indian contracts and preferring to stay inactive until its results are known. Under the latest spot deals made in India, prices have declined again, this time to $540-550/t CFR. Some importers, however, want to beat Saudi Arabian suppliers down to $540/t CFR and below. Gujarat State Fertilizers Company has called for competition to buy 200,000 t of DAP with May-June delivery and will hardly accept offers above the current spot prices. In Argentina and Brazil, consumer activity will revive in late March at the earliest. Buyers are also bidding no more than $550/t CFR for new deals.

At present, EuroChem's sales of April-delivered DAP/MAP are estimated at 85,000 t, of which 39,000 t is DAP produced by Lifosa (deals have been closed at $565-575/t FOB Klaipeda) and 25,000 t is Phosporite's output – 7,000 t of containerized cargo intended for supplies to Vietnam and Thailand at $560/t FOB Muuga and the rest destined for Belarus and domestic market. Belorechenskie Minudobrenia incorporated into EuroChem has also sold 5,000 t of MAP to Serbia at $550/t FOB Tuapse and 15,000 t – to Ukrainian and domestic consumers.

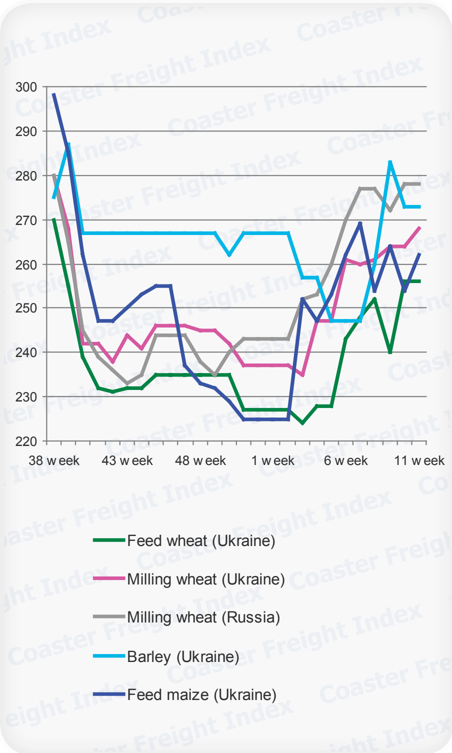
MOP

Participants of the MOP market are still focused on negotiations over Chinese contracts. At Asia Fertilizer Conference held in Beijing, Belarusian Potash Company (BPC) proposed raising MOP prices quoted to China by $50/t from the previous contract prices to $520/t CFR, but importers rejected such an offer. Talks will be resumed in the second half of March, yet the majority of market participants do not expect them be finished until late April or early May.

India that slashed MOP imports during the 2011/2012 season has also stayed a stumbling block for suppliers. Out of the previously booked 5.85-5.95 mt of the fertilizer, just 3.81 mt was imported to the country between August and February. In particular, supplies of Russian and Belarusian MOP under contracts with BPC and IPC amounted just to 1.91 mt against the planned 2.68 mt. Canpotex delivered 300,000-400,000 t less fertilizers than intended before (1-1.1 mt), Israel's ICL – about 45% out of the booked 1.39 mt, Jordan's APC – 40% out of 575,000 t, and K+S – 56% out of 200,000 t.

Underdeliveries to India along with weaker demand in other regions and the general dullness of the potash markets affected MOP exports from Russia. In the first two months of the year, the exports totalled just 879,000 t (down 41% y-o-y). Specifically, 445,000 t was shipped to ports against 1.34 mt recorded last year. Overland supplies were a little smaller (up 182% y-o-y to 434,000 t). To Chinese border, producers supplied over 407,000 t of the fertilizer, 3.4 times more than in 2011. For reference, standard MOP costs $430-435/t DAF Chinese border.

Grain export prices // week 11, 2012



	16 March	9 March	w-o-w
Grain and grain processing products, Russia ($/tonne)			
Milling wheat, FOB deep-water ports	278	278	=
Milling wheat, FOB Azov Sea ports	235	235	=
Feed wheat, FOB deep-water ports	222	222	=
Feed wheat, FOB Azov Sea ports	201	201	=
Feed barley, FOB deep-water ports	260	260	=
Feed maize, FOB deep-water ports	225	225	=
Grain and grain processing products, Ukraine ($/tonne)			
Milling wheat, FOB	268	264	+4
Feed wheat, FOB	256	256	=
Feed barley, FOB	273	273	=
Feed maize, FOB	262	254	+8
Wheat bran, FOB	159	159	=
Kazakhstan, ($/tonne)			
3 class wheat, FOB Aktau port	180	180	=
3 class wheat, DAP Saryagash	189	185	+4
3 class wheat, DAP Aksau port	155	155	=
Feed barley, DAP Saryagash	173	173	=

In mid-March the export grain market in Russia remained passive, importers showed no interest in purchasing Russian grain, considering the current price level too high. Suppliers still claim that such prices are caused by higher transportation costs (deliveries of grain from northern parts of the country). However, buyers may come back into the market only in case offer prices go down, but at the current level chances of the revival of the market are minimal.

The overall situation in the Ukrainian grain export market was almost the same – business activity is still extremely low, however some demand for feed maize let the exporters increase prices by $8/tonne after a 2-weeks' reduction. Also, Ukrainian exporters raised prices for milling wheat by $4/tonne amid growing interest from buyers. However, no deals were concluded, so the prices were indicative.

Trading activity in the grain export market in Kazakhstan was invariably high. Exporters increased prices for milling wheat on basis of DAP Saryagash by $4/tonne due to dwindling stocks of high-quality wheat. Feed barley is still in good demand among Iranian buyers, but many traders stopped selling this grain to foreign countries because Kazakh producers keep the remaining volumes for the domestic market.

***

Weekly tenders:

At the end of the previous week Iranian state-run company GTC purchased about 300,000 tonnes of wheat, mainly from Russia and Kazakhstan. The wheat will be delivered in April.

The Iraqi Grain Board has purchased 300,000 tonnes of Canadian-origin wheat in a tender, issued in the past week. Glencore and Jresat will supply 100,000 tonnes of cargo each at $356/tonne C&F and $361/tonne C&F respectively, also ADM and Louis Dreyfus will ship 50,000 tonnes each at $361/tonne C&F and $361,22/tonne C&F respectively. Delivery schedule has not been revealed.

Ukrainian state-run company Hlibinvestbud will supply 300,000 tonnes of milling wheat to Syria as a part of government agreement; no further details were given.

The ministry of Agriculture of Japan has bought 136,000 tonnes of US-origin maize; delivery schedule and prices have not been disclosed.

Egyptian state-run company GASC has concluded contracts in its tender for the supply of milling wheat for May 1-10 shipment. GASC has bought 60,000 tonnes of Canadian wheat from Louis Dreyfus at $263,5/tonne FOB and the similar amount of US-origin wheat from Venus at $261,5/tonne FOB. The agreed freight rates were $24/tonne and $26,11/tonne respectively.

Also, a South Korean company Nonghyup Feed (NOFI) has purchased 65,000 tonnes of feed maize, no details of the deal have been revealed.

A company from Oman (a flour mill) has launched a tender for the supply of 10,000 tonnes of wheat in April.

COASTER FREIGHT INDEX

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