Fertilizer Market Trends and Outlook

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Jeff Holzman
Director, Market Research
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Agriculture and Fertilizer Market Update
World Crop Production

Rising Crop Production Drives Need for Increased Fertilizer Use

**Cereals**
- Million Tonnes

**Oilseeds**
- Million Tonnes

**Fruits & Vegetables**
- Million Tonnes

Source: FAO
World Fertilizer Consumption

Rise in Consumption Tied to Crop Production; Political and Economic Events Make for Uneven Growth

Nitrogen
Million Tonnes

Phosphate
Million Tonnes

Potash
Million Tonnes

Source: IFA, Fertecon
World Fertilizer Consumption by Region and Crop

Potash Has Most Diversity Amongst Regions and Crops

Fertilizer Consumption by Region

Fertilizer Consumption by Crop

Source: IFA, Fertecon, PotashCorp
US Fertilizer Consumption Profile

Corn is the Major Driver of US Fertilizer Consumption

Fertilizer Consumption

- Nitrogen
- Phosphate
- Potash

Million Tons

Fertilizer Consumption by Crop

- Corn: 49%
- All Other: 34%
- Oilseeds: 6%
- Wheat: 11%
US Corn Supply/Demand
Expect Record Production and Improved Demand Prospects

Billion Bushels

Stocks-to-Use - Percent

Use
Production
Stocks-to-Use

2003 2005 2007 2009 2011 2013F

2013F refers to the 2013/14 crop year.

Source: USDA
US Ethanol Profile

EPA Lowers Mandate but Positive Margins Could Support Additional Production

Producer and Blender Margins – Cents/Gallon

- Iowa Plant Margin
- Chicago Blender Margin

US Corn Ethanol Use (Billion Gallons)

Source: EIA, PIRA, ProExporter, PotashCorp
US Weekly Corn and Soybean Export Commitments

Strong Recovery in Offshore Demand for US Corn and Soybeans

**Corn Export Commitments**
Million Tonnes, Cumulative

- 2013
- 2012
- Prev. 5-yr Avg.

**Soybean Export Commitments**
Million Tonnes, Cumulative

- 2013
- 2012
- Prev. 5-yr Avg.

Source: USDA
South America Crop Production

Soybean Production Expected to Rise; Corn Output to Decline

**Soybean Production**

Million tonnes

- **Production**
- **Global Trade Share**

**Corn Production**

Million tonnes

- **Production**
- **Global Trade Share**

Source: USDA, PotashCorp
US Crop Acreage

Expect Some Acreage Shifts in 2014

Lighter shaded area refers to forecast range for 2014.

Source: USDA, PRX, Doane, PotashCorp
Crop and Fertilizer Price Index

Significant Economic Incentive for Increased Fertilizer Usage

Price Index (2005 Average = 100)

- **Crop Price Index**: Based on corn, soybean and wheat prices (weighted by global consumption)
- **Fertilizer Price Index**: Based on urea, DAP and KCl prices (weighted by global consumption)

Source: Bloomberg, PotashCorp
Potash Market Update
World Potash Reserves*

Economically Mineable Deposits Are Geographically Concentrated

* Share of world’s potash reserves; reserves as defined by the US Geological Survey
Other countries total 1 percent
World Potash Trade

Major Exporters and Importers

World trade was approximately 44 million tonnes in 2011. Approximately three-quarters of global production is traded.
PotashCorp investments: ICL (14%), APC (28%), SQM (32%) and Sinofert (22%)

Note: PotashCorp based on operational capability (estimated annual achievable production) while competitor capacity is stated nameplate, which may exceed operational capability.
World Potash Shipments

Slower Demand Periods Have Been Followed by Robust Growth

Source: Fertecon, PotashCorp
Potash Shipments to Key Offshore Markets

Demand Has Been Relatively Strong in Markets Outside of India

* Excludes India.

**Forecast per PotashCorp; represents mid-point of range.

Source: Fertecon, Industry publications, PotashCorp
North America Potash Shipments
Demand Has Strengthened in the Fourth Quarter

**Domestic Producer Shipments**

<table>
<thead>
<tr>
<th>Month</th>
<th>Million Tonnes KCl</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>0.6</td>
</tr>
<tr>
<td>Mar</td>
<td>0.7</td>
</tr>
<tr>
<td>May</td>
<td>1.0</td>
</tr>
<tr>
<td>Jul</td>
<td>0.5</td>
</tr>
<tr>
<td>Sep</td>
<td>0.8</td>
</tr>
<tr>
<td>Nov</td>
<td>0.7</td>
</tr>
</tbody>
</table>

**Offshore Imports**

<table>
<thead>
<tr>
<th>Month</th>
<th>Thousand Tonnes KCl</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>80</td>
</tr>
<tr>
<td>Mar</td>
<td>90</td>
</tr>
<tr>
<td>May</td>
<td>100</td>
</tr>
<tr>
<td>Jul</td>
<td>60</td>
</tr>
<tr>
<td>Sep</td>
<td>30</td>
</tr>
<tr>
<td>Nov</td>
<td>20</td>
</tr>
</tbody>
</table>

November/December shipments based on PotashCorp estimates. November/December imports based on Blue Johnson and PotashCorp estimates.

Source: IPNI, TFI, Blue Johnson, PotashCorp
US Potassium Application and Crop Removal

Application Rates Have Not Kept Pace With Higher Crop Removal

US Total

<table>
<thead>
<tr>
<th>Year</th>
<th>Crop removal</th>
<th>Fertilizer applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>1980</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>1985</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>1990</td>
<td>16</td>
<td>12</td>
</tr>
<tr>
<td>1995</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>2000</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>2005</td>
<td>22</td>
<td>18</td>
</tr>
<tr>
<td>2010</td>
<td>24</td>
<td>20</td>
</tr>
</tbody>
</table>

Regional Application Deficit – 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Million Short Tons KCl Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Plains</td>
<td>3.7</td>
</tr>
<tr>
<td>Mountain</td>
<td>1.4</td>
</tr>
<tr>
<td>Lake States</td>
<td>0.7</td>
</tr>
<tr>
<td>Midwest</td>
<td>0.7</td>
</tr>
<tr>
<td>Other</td>
<td>0.6</td>
</tr>
<tr>
<td>West</td>
<td>0.6</td>
</tr>
<tr>
<td>Delta</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Calculation based on commercial fertilizer application data, estimated nutrients available from manure and crop removal rates for all major crops grown in the US.

Source: USDA, AAPFCO, PotashCorp
Phosphate Market Update
World Phosphate Rock Reserves*

Large Concentration of Reserves in North Africa & Middle East

* Share of world’s phosphate reserves; reserves as defined by the US Geological Survey. Total reserves estimated at 67 billion.
Global Phosphoric Acid Capacity Additions

Majority of Capacity Being Developed in Saudi Arabia, Morocco and Brazil

Source: CRU, Fertecon, PotashCorp
World DAP and MAP Consumption

Indian and Chinese Demand Has a Significant Impact on the Global Market
World DAP and MAP Trade

Demand Recovery in India to Support Global Phosphate Trade

World DAP/MAP Exports

Million Tonnes

- China
- Russia
- US
- Morocco
- Saudi Arabia
- Other

World DAP/MAP Imports

Million Tonnes

- India
- Brazil
- Other Asia
- Other

Source: CRU, TFI, PotashCorp
US DAP/MAP Use and Inventory Exports

Lower Sales Have Resulted in Elevated Inventory

**Domestic Sales**
Million Short Tons, Cumulative
- 2013
- Previous 5-Yr Avg

**Exports**
Million Short Tons, Cumulative
- 2013
- Previous 5-Yr Avg

**Inventory**
Million Short Tons
- 2013
- Previous 5-Yr Avg

Source: TFI
Nitrogen Market Update
Ammonia Capacity Projections vs. Actual Additions

Global Ammonia Projects Have Faced Delays

Source: Fertecon, PotashCorp
China Urea Exports by Month

Impact of China’s Export Tax on Urea Trade Volumes

Thousand Tonne Urea

Blue denotes high export tax months; Green denotes low-tax window

Source: NDRC of China, CRU, PotashCorp
Delivered Cash Costs to the US Market

Production Costs Remain High In Several Key Nitrogen Producing Regions

Note: Cost of production estimates based on natural gas price forecast for 2013.

Source: Fertecon, PotashCorp
US Cumulative Nitrogen Imports

Potential for a Robust Spring

Million Short Tons (N basis)

- 2013/2014
- 2012/2013
- Previous 5-Yr Avg

Note: Nitrogen imports include ammonia, urea, and UAN.
Potential North American Nitrogen Project Locations
Numerous Nitrogen Capacity Announcements; Few Under Construction

- High Probability N Projects
- Medium Probability N Projects
- More Speculative N Projects
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