



**International
Fertilizer Industry
Association**

IFA Medium-Term Fertilizer Outlook 2015 – 2019

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IFA Secretariat**

Afcome 2015 – Reims, France – October 21st - 23rd 2015

Outlook for World Agriculture and Fertilizer Demand

- **Economic and policy context**
- **Agricultural prospects**
- **Fertilizer demand forecasts
(baseline scenario)**

A Number of Red Lights... and Green Lights



- Low crop prices
- Decreasing support to biofuels
- China zero-growth fertilizer consumption policy
- More than half of the market is now 'mature'

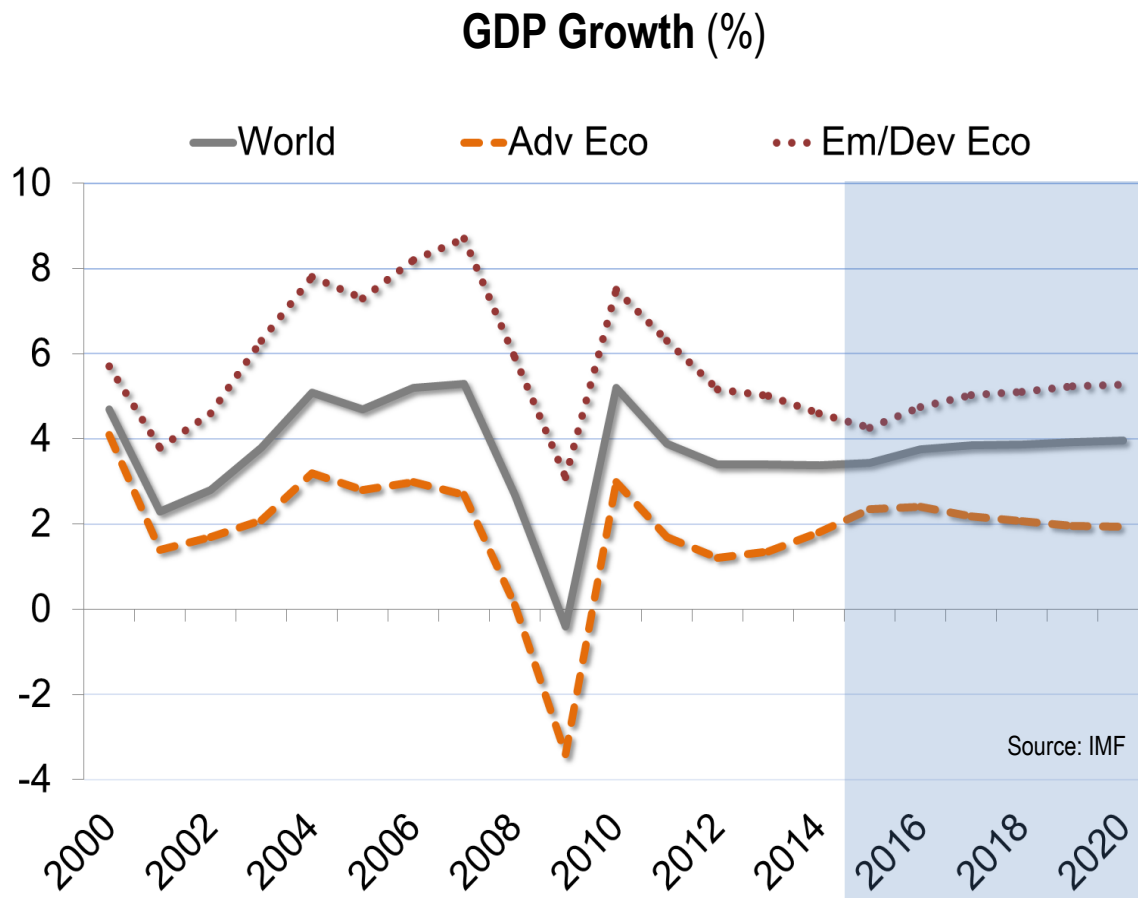


- India's fertilizer subsidy policy



- Global economic growth seen rebounding
- Ag markets forecast to tighten
- Strong prospects for Sub-Saharan Africa

Economic Activity Recovers Progressively but Remains Fragile



Short term

- +3.5% in 2015
Progressive recovery in advanced economies
- +3.8% in 2016
Rebound in emerging & developing economies

Medium term

- ~4% annually
- Activity strengthens in emerging & developing economies
- Slowdown in China (6-7% annually)
- India: +8% annually

Policy Developments Greatly Influence the Outlook

Developed Countries

- More emphasis on nutrient use efficiency
- Food industry sustainability standards

China

- Fertilizer demand growth capped to 1% in 2015-2020
- Zero growth thereafter



Sub-Saharan Africa

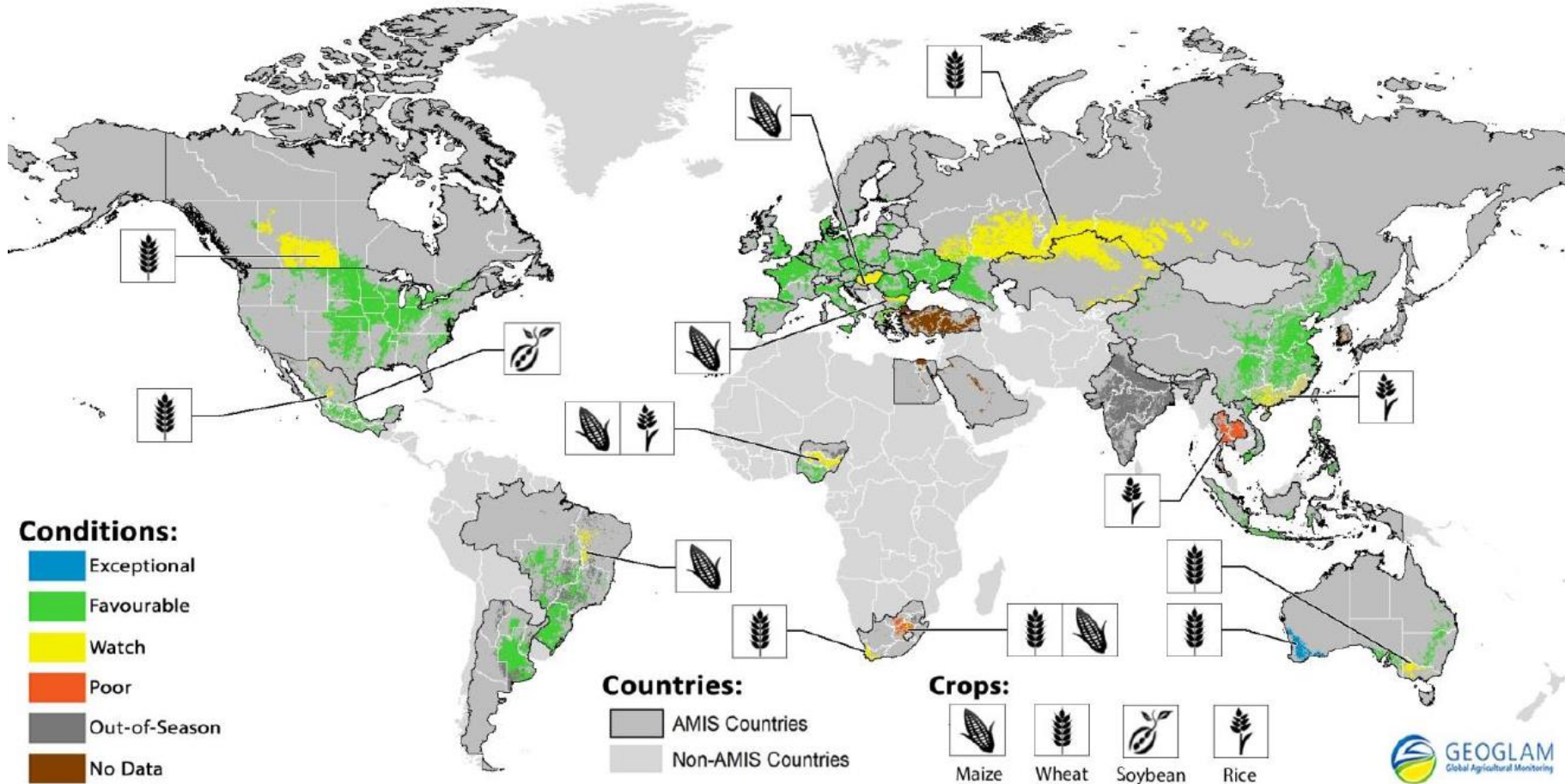
- More countries subsidize fertilizers
- Greater support to agriculture

India

- Uncertainty re evolution of fertilizer subsidy policies
- Impact of neem-coated urea?

Favourable Weather in the Main Cereal and Oilseed Production Areas

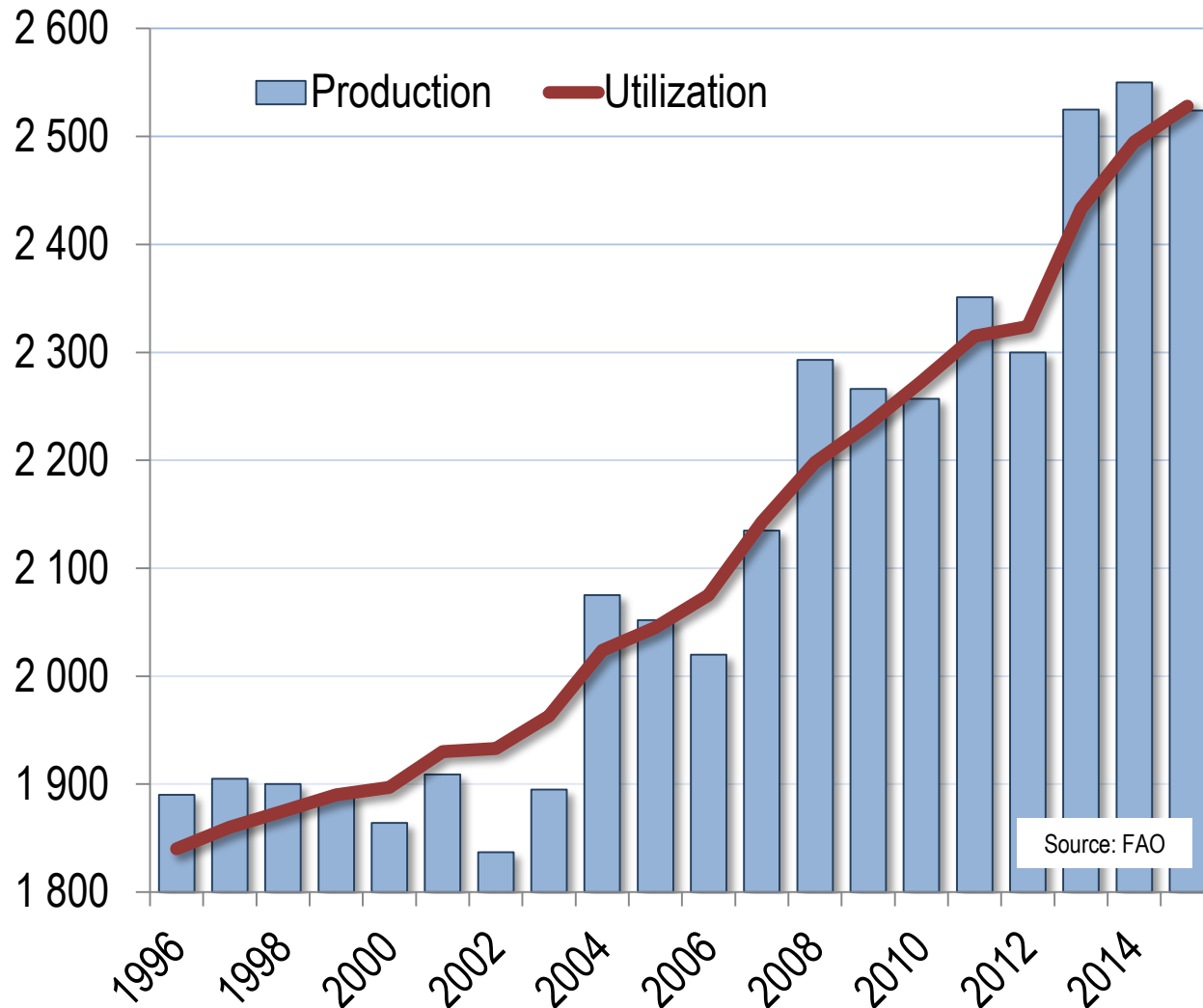
Crop Conditions in AMIS Countries (as of end May 2015)



- El Niño started in April... It may last until the beginning of 2016
- Concerns over a possible delayed and/or below-average southwest monsoon in India

World Cereal Production Seen Dropping Modestly in 2015

World Cereal Production and Utilization (Mt)



2015 output close to 2014 record

- -26 Mt (FAO)
- -9 Mt (USDA)

Demand driven by feed and food uses

Anticipated small deficit

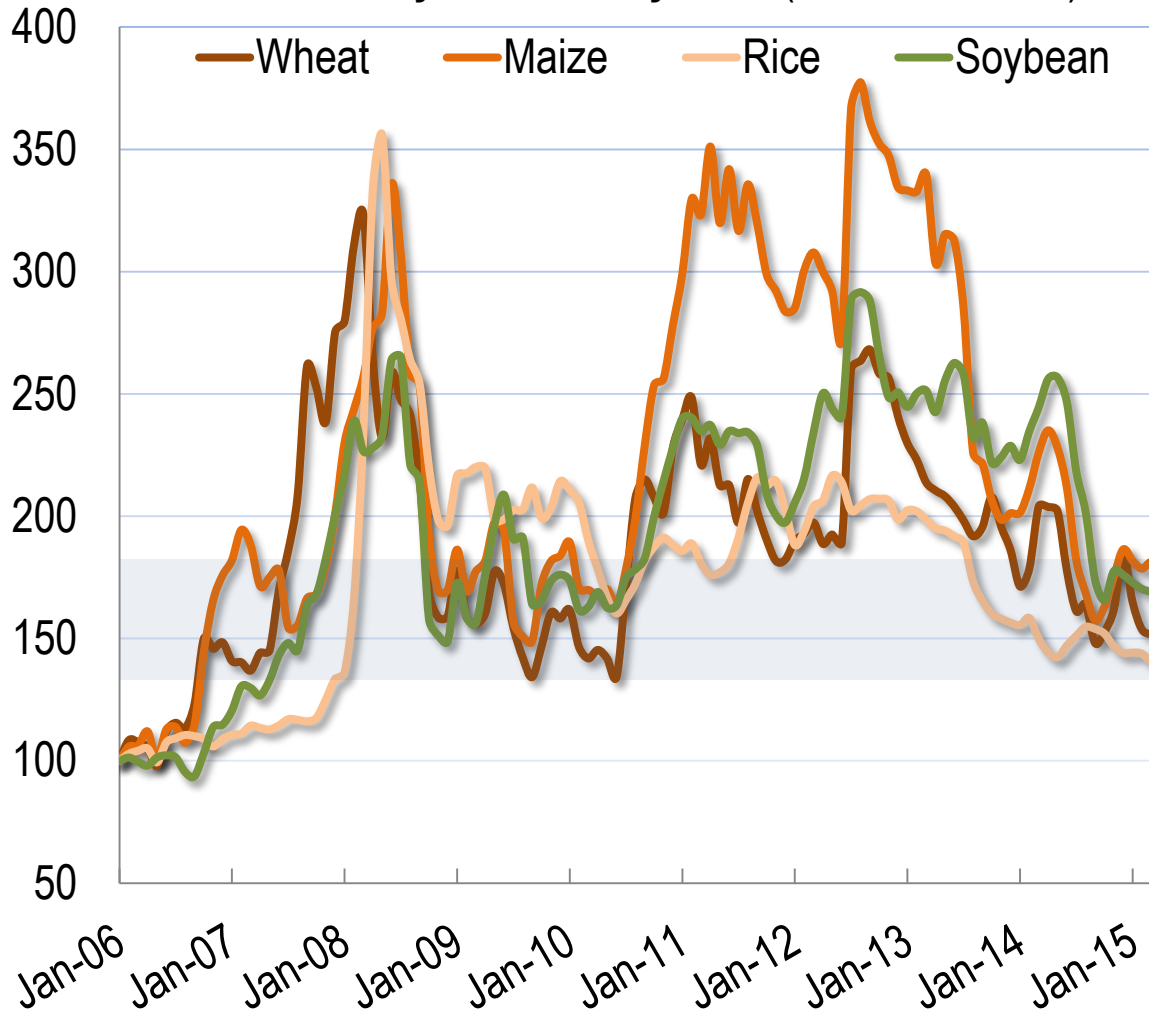
- 4 Mt (FAO)
- 8 Mt (USDA)

Large inventories and export availabilities

Agricultural Commodity Prices Are Low Compared to Recent History

Relative Price Evolution

from January 2006 to May 2015 (Jan 2006 = 100)



- Prospects for lower yields and return
- Commercial farmers tend to reduce fertilizer application rates
- P and K consumption likely more affected
- Impact on:
 - North Am and West Europe in 2014/15
 - Lat Am and Oceania in 2015

Agricultural Markets Seen Tightening from 2016/17

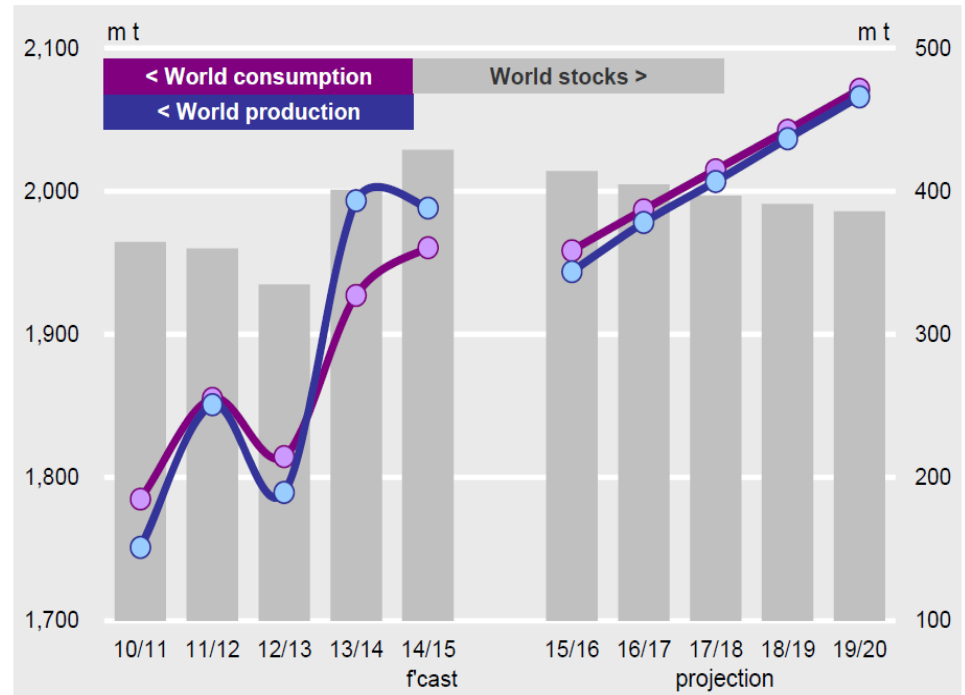
Production

- Expected to expand from 2016/17
- Higher growth rates for soybean and maize vs. wheat and rice
- Gains mostly through yield improvements
- Area expansion in Brazil, Indonesia, Russia

Utilization

- Larger feed uses in developed and emerging economies and food uses in least developed countries
- Industrial uses to grow at slow pace vs. previous decade (little growth in cereal-based ethanol)

Aggregate World Supply and Demand for Wheat + Coarse Grains (Mt)



Source: IGC

Agricultural Markets Seen Tightening from 2016/17

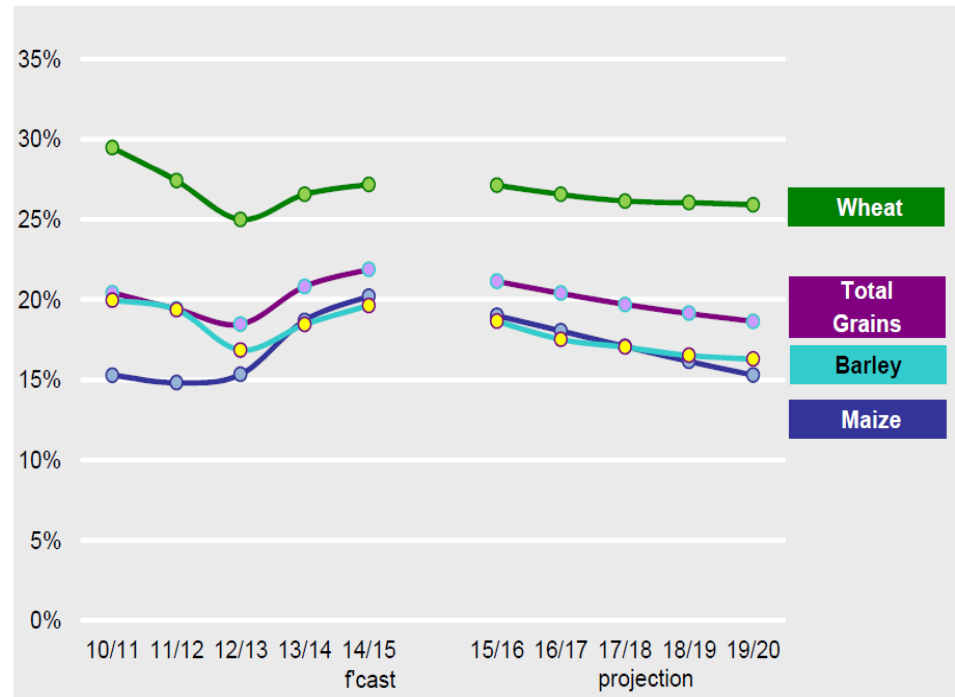
Inventories

- High starting point in 2014/15
- Inventories and stock-to-use ratios projected to contract for all commodities
- Largest drops anticipated for maize, soybean and cotton

Crop Prices

- International prices projected to firm over the outlook
- Would remain low in the next 2-3 years in view of the large availabilities

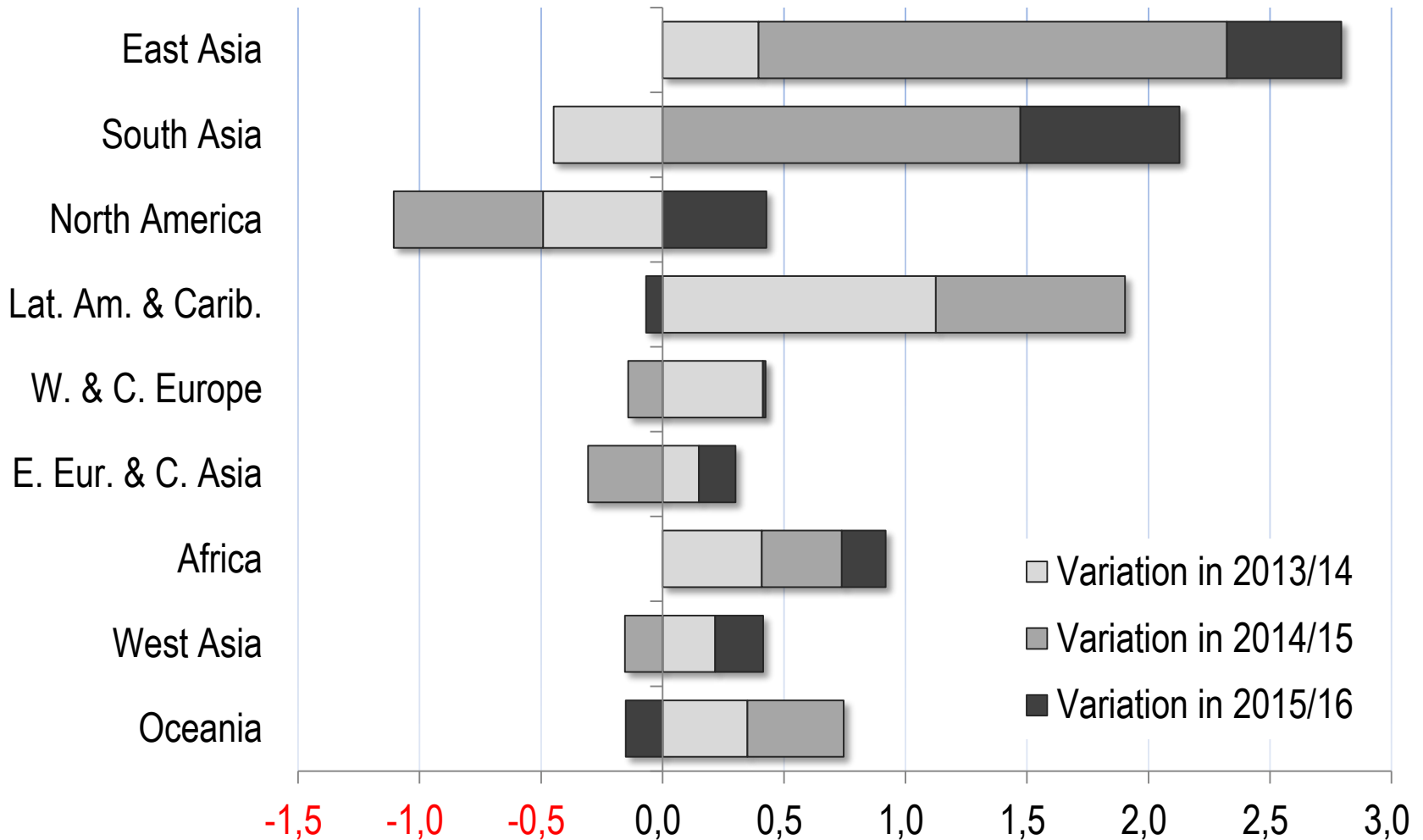
Stock-to-Use Ratio (%)



Source: IGC

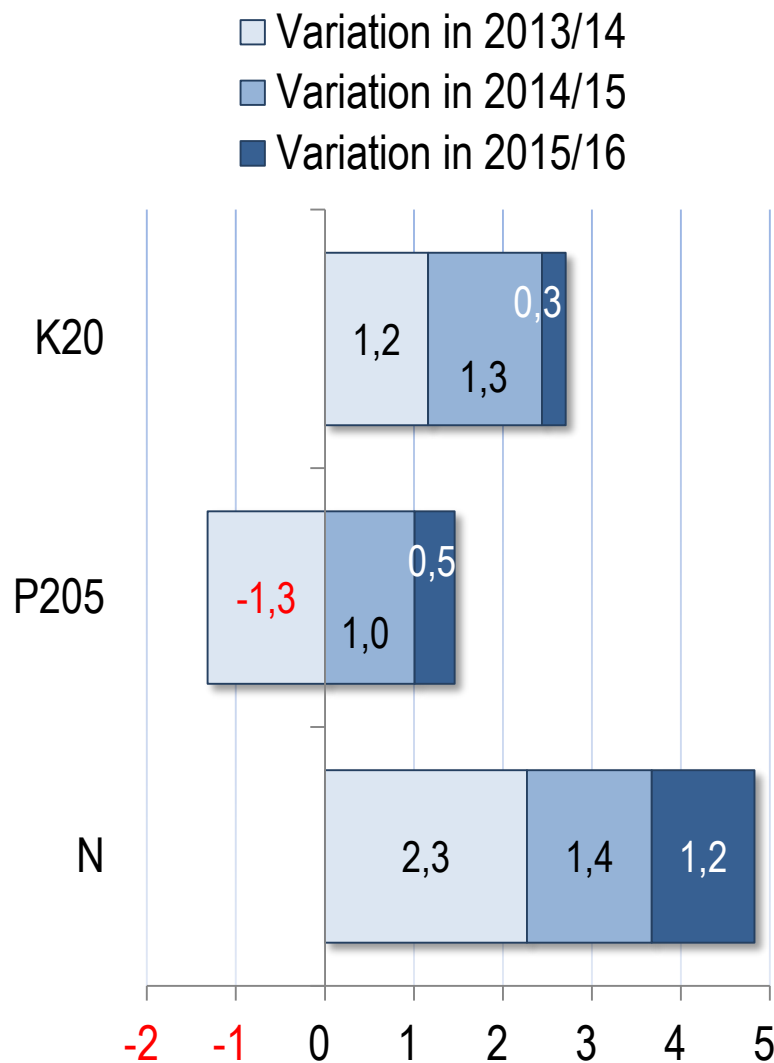
Demand Drops in North America, Stagnates in EECA and Rises Elsewhere

Short-term Prospects for Total Fertilizer Demand between 2012/13 and 2015/16 (Mt nutrients)

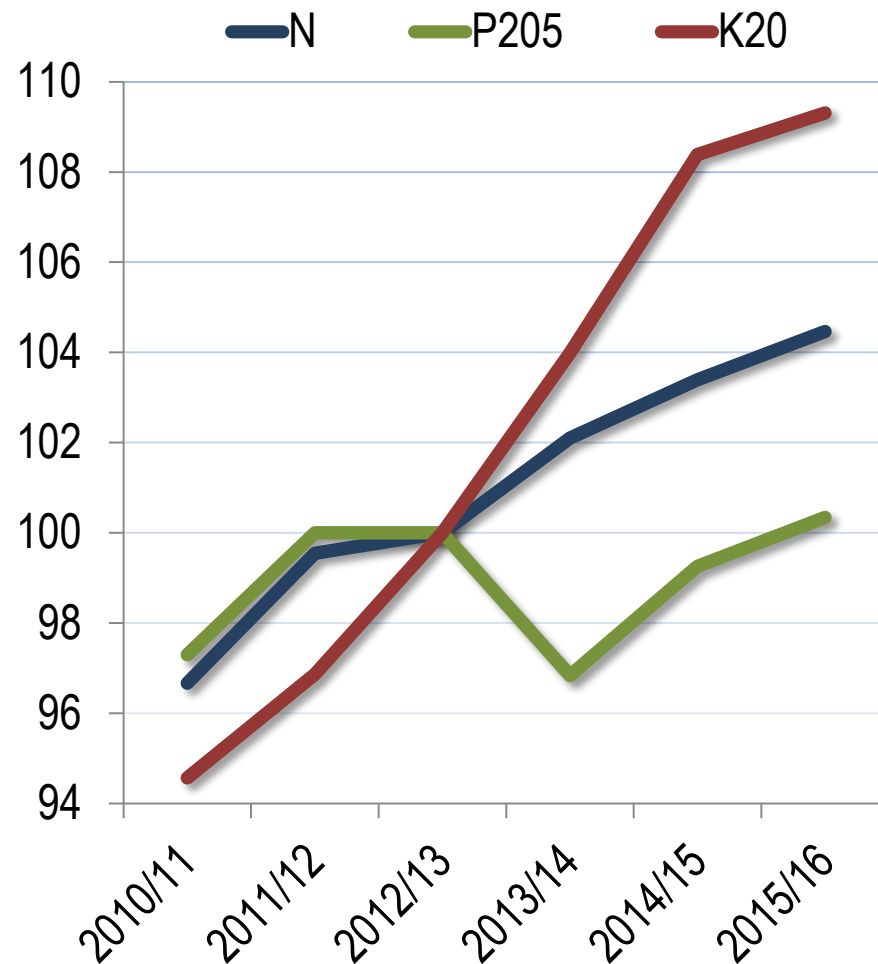


Different Trends Between Nutrients

Annual Growth (Mt nutrients)



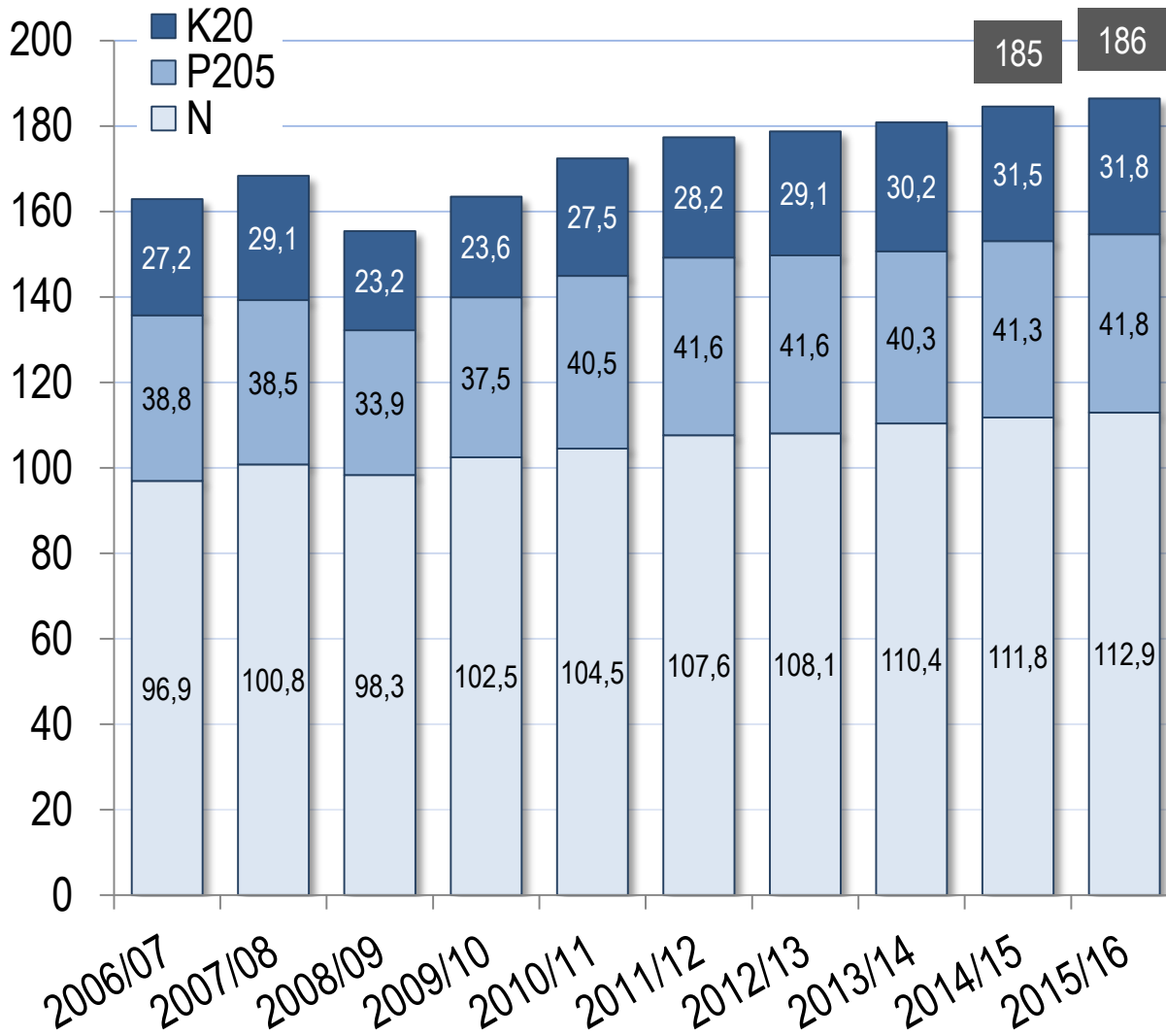
Relative Growth (2012/13 = 100)



Source: IFA Agriculture

Global Fertilizer Demand Increases Steadily Since 2009/10

Short-term Forecast (Mt nutrients)

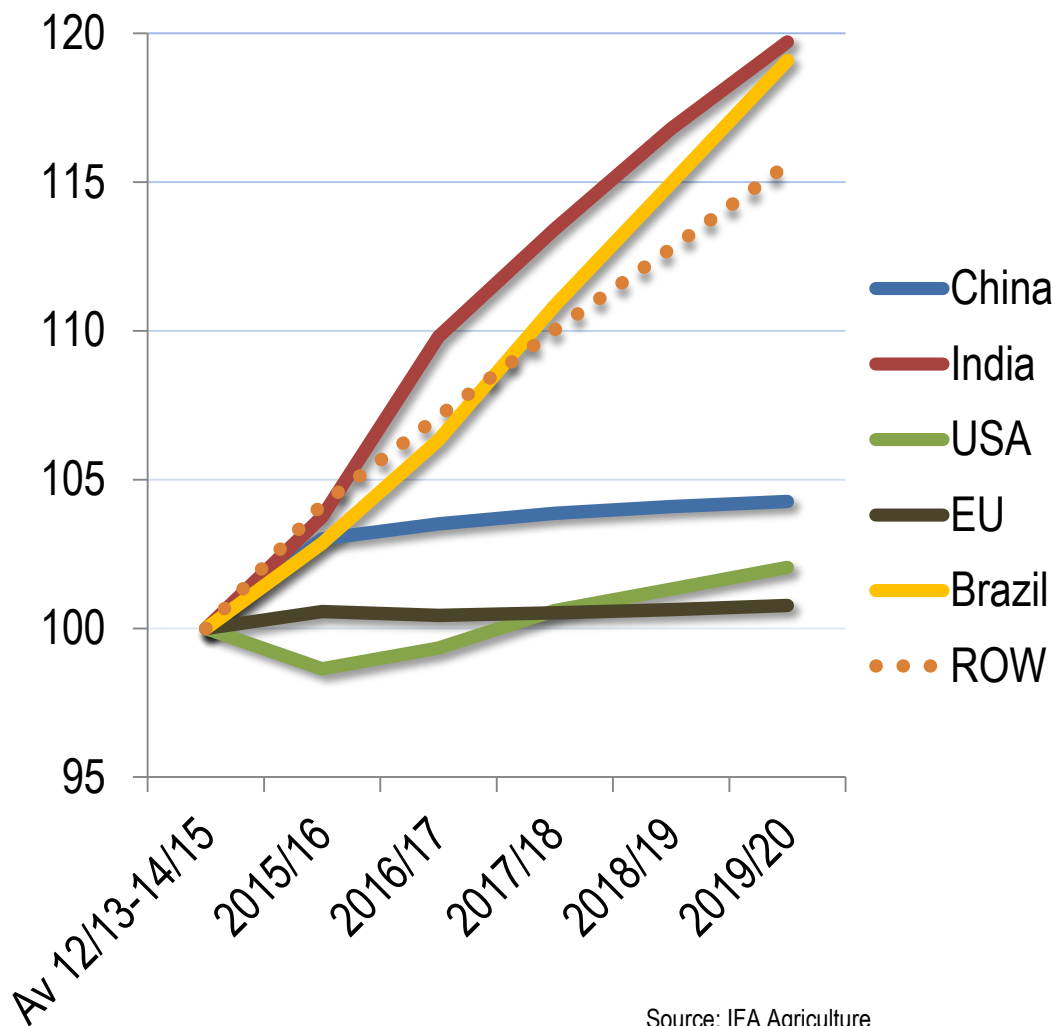


	Change		
	2013/14	2014/15	2015/16
N	+2.1%	+1.3%	+1.0%
P ₂ O ₅	-3.2%	+2.5%	+1.1%
K ₂ O	+4.0%	+4.2%	+0.8%
Total	+1.2%	+2.0%	+1.0%

Source: IFA Agriculture

India, Brazil and the Rest of the World Drive Future Growth

Aggregate Fertilizer Demand (Mt nutrients)

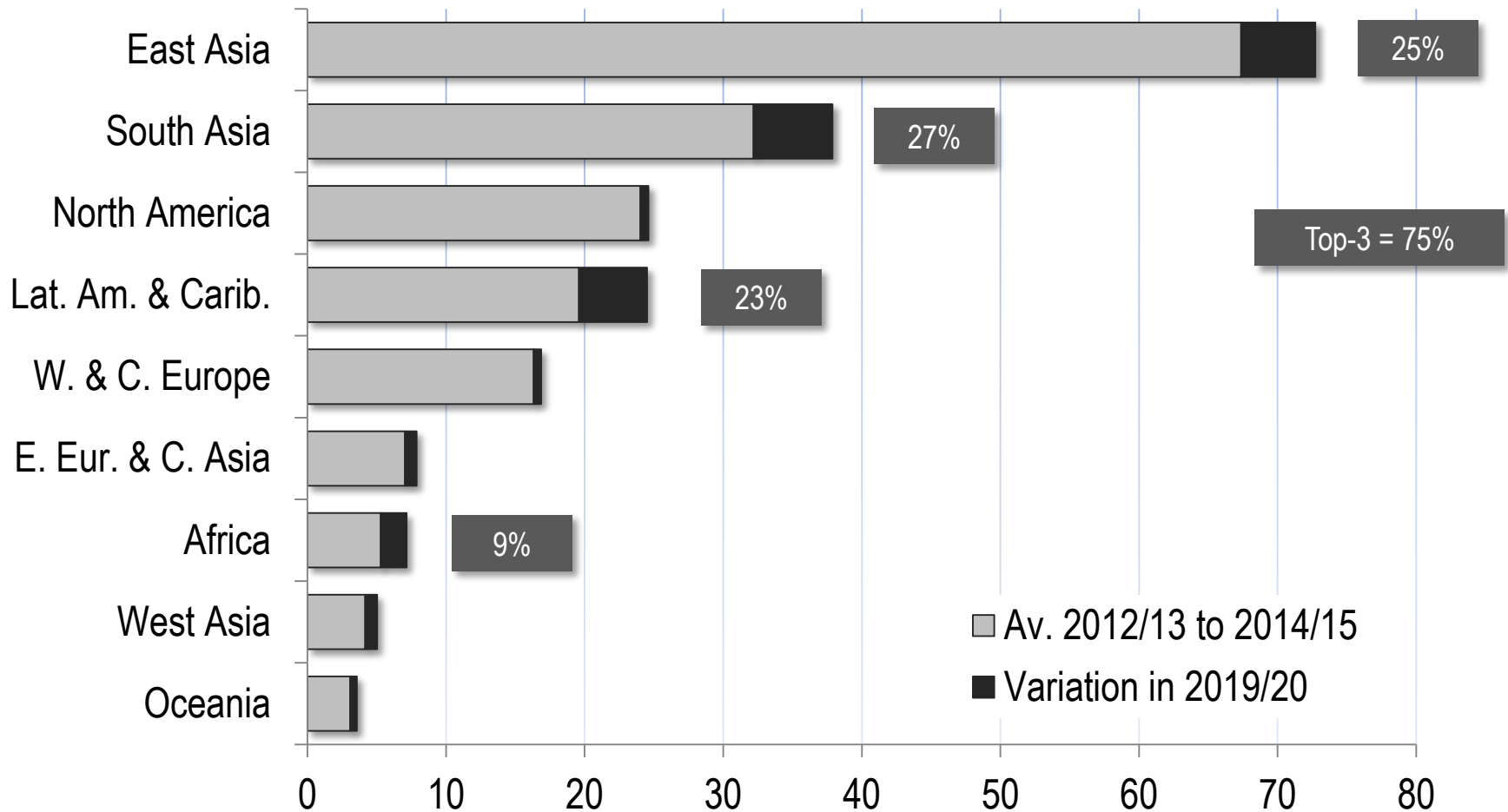


Source: IFA Agriculture

- Marginal growth in the EU and the US
- Demand reaches a plateau in China
→ +1% p.a. in East Asia
- More than half of the world market is 'mature'
- Robust rebound in India but...
- Steady growth in Brazil
→ Lat Am equals N. Am in 2019/20
- Firm growth in the ROW
- Africa 4th contributor in volume
- Sub-Saharan Africa (without South Africa) is the fastest growing market (>6% p.a.)

Regional Aggregate Fertilizer Demand

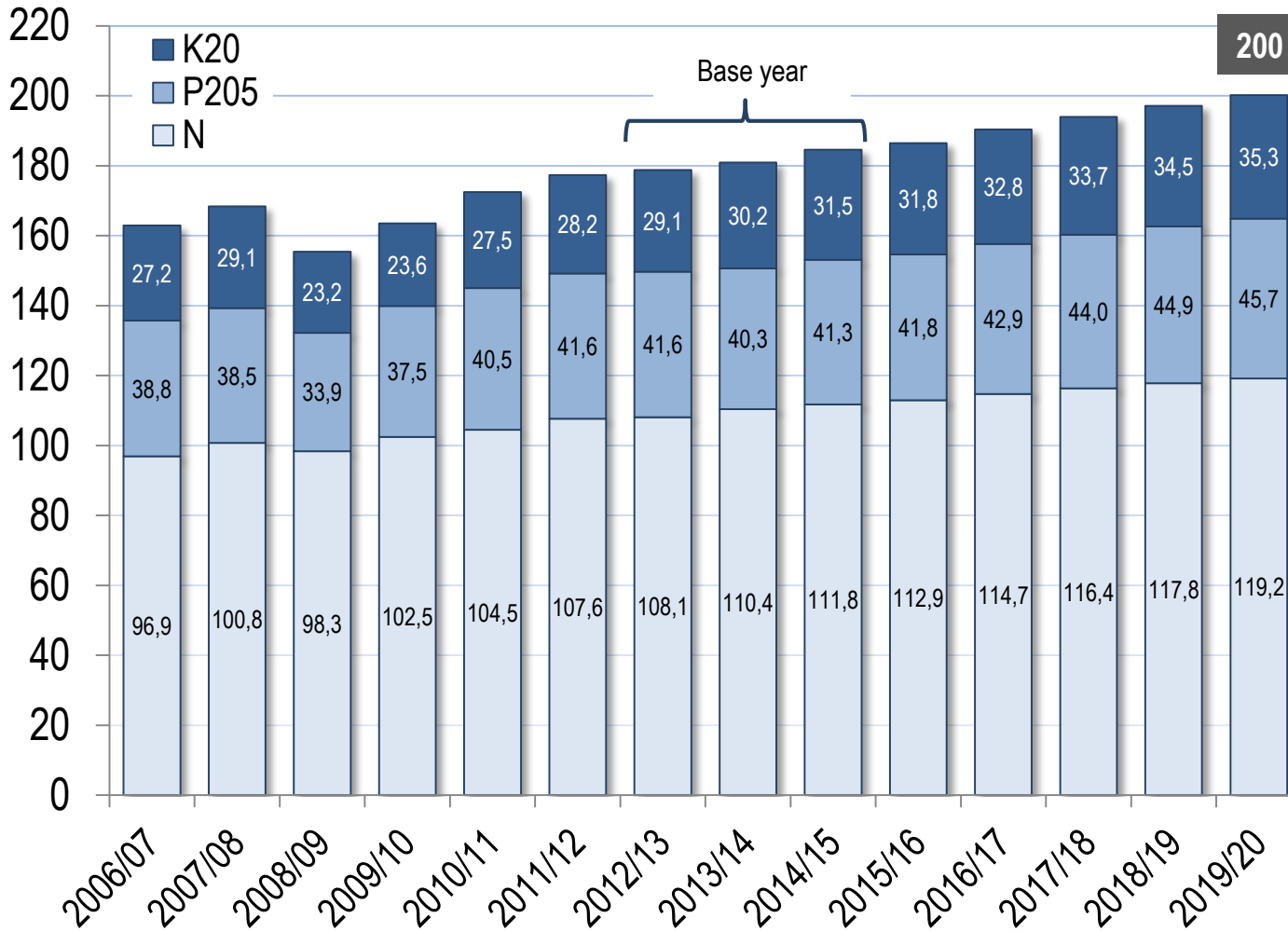
Medium-term Outlook (Mt N)



Source: IFA Agriculture

Global Fertilizer Demand Seen Reaching 200 Mt in 2019/20

Medium-term Forecast (Mt nutrients)



Average Annual Change	
Base Year → 2019/20	
N	+1.3% p.a.
P ₂ O ₅	+1.8% p.a.
K ₂ O	+2.6% p.a.
Total	+1.7% p.a.

Key Take Home Messages

Agricultural situation

- Bumper crop in perspective for 3rd consecutive year → high inventories and low crop prices
- Agricultural commodity markets are anticipated to tighten in the next five years



Fertilizer demand

- Demand in 2015 is impacted by low crop prices
- World demand is hit by China capping domestic demand growth
- Big uncertainty about prospects in India
- World demand reaches 200 Mt in 2019/20

200



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THANK YOU FOR YOUR ATTENTION

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