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IFA Medium-Term Fertilizer Market Outlook 2023-2027

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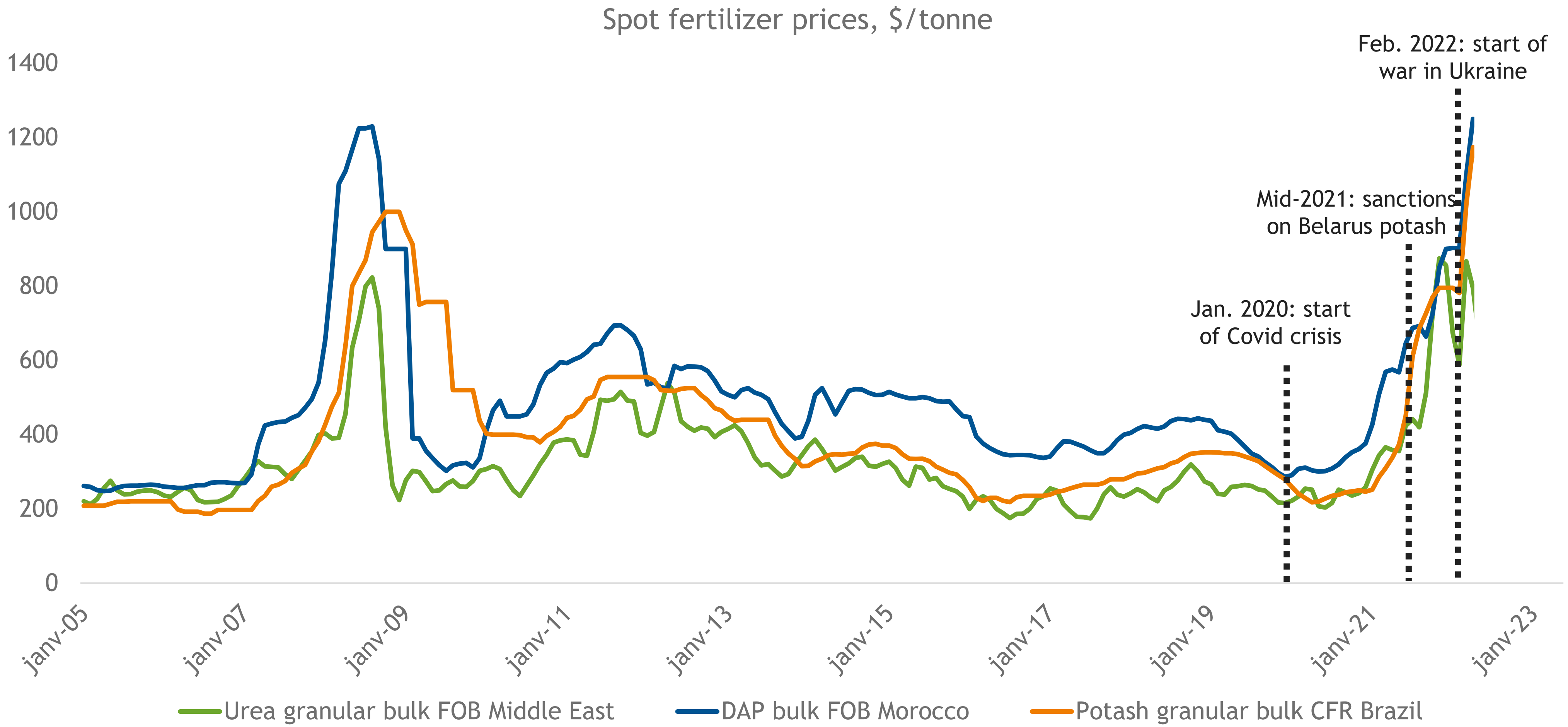
In H1 2022, all signs pointed towards a fertilizer supply shortage



Source: CRU

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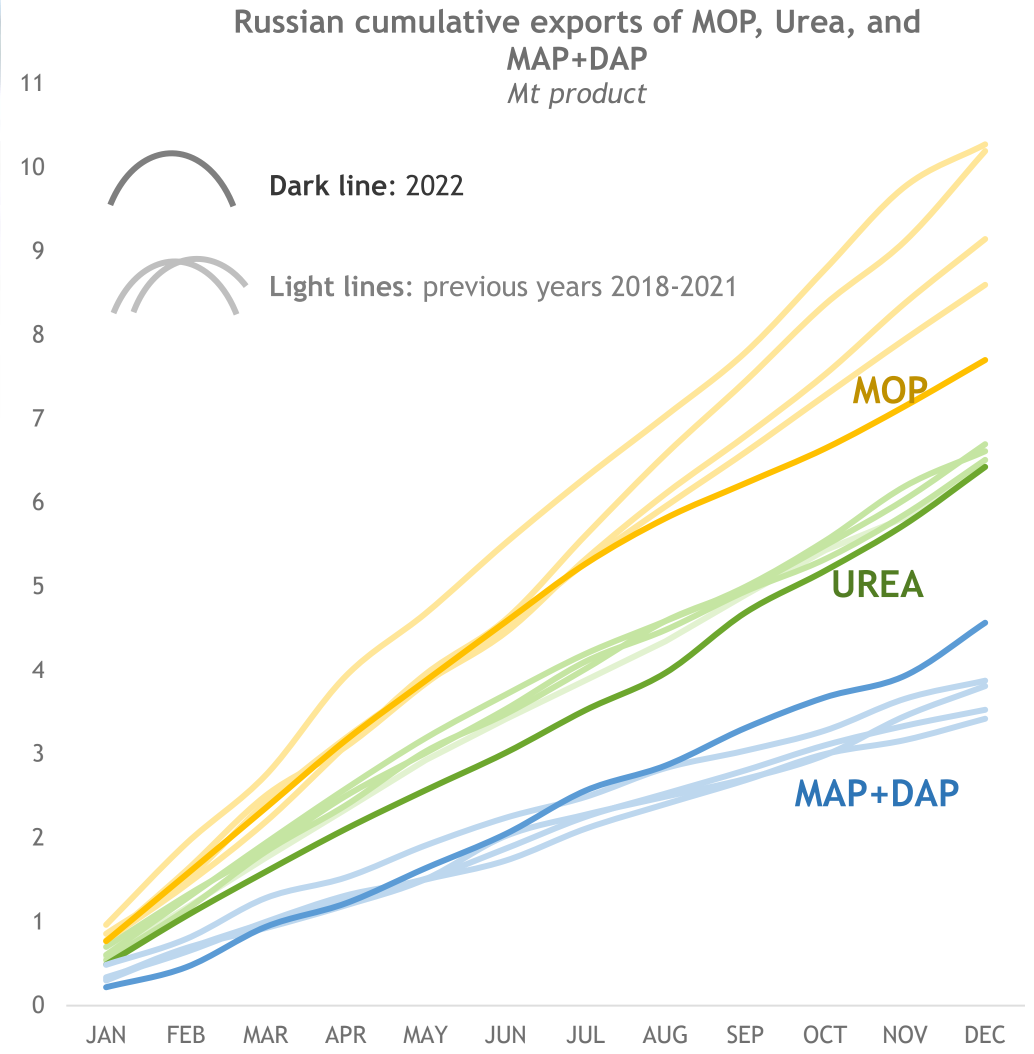
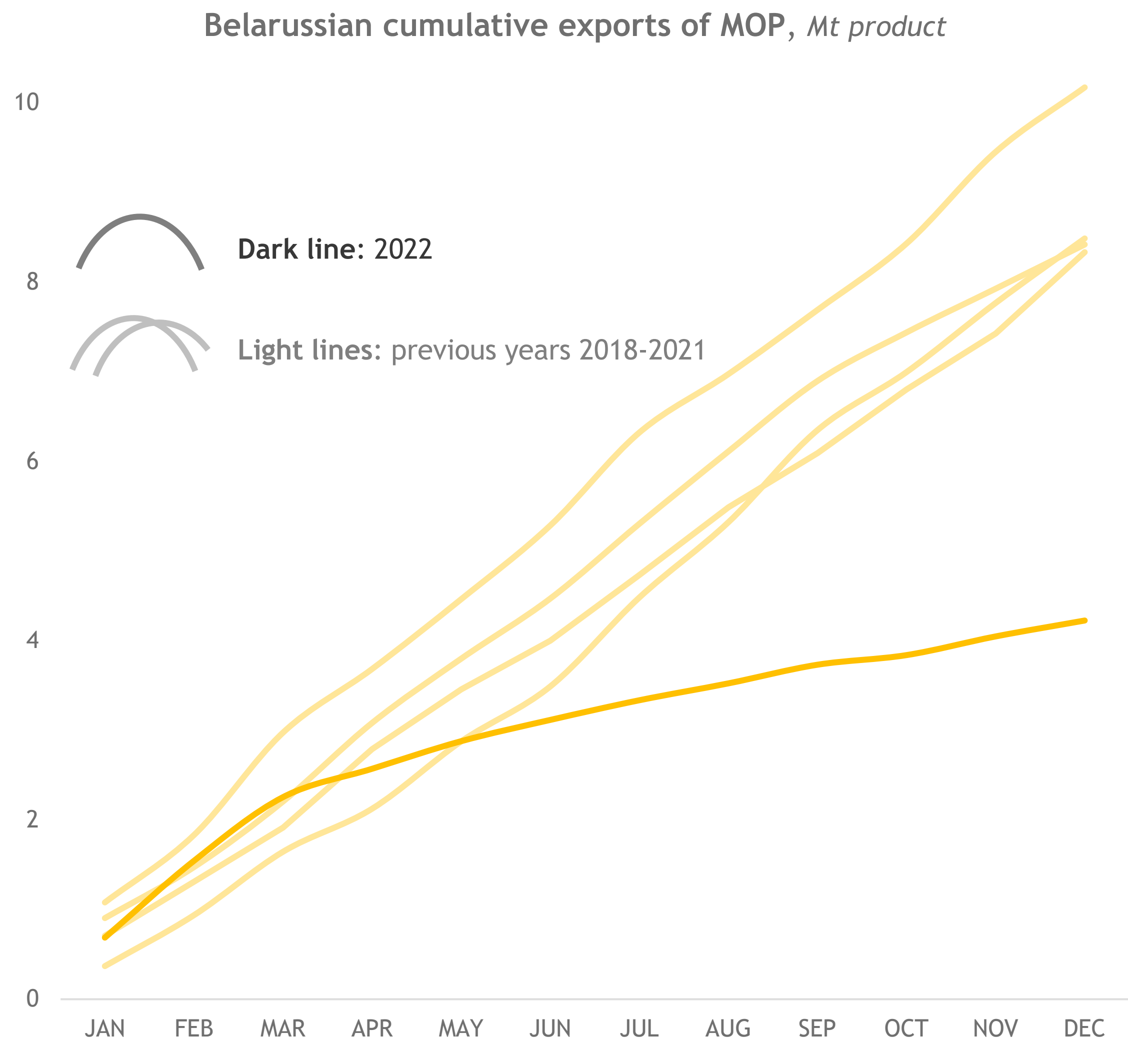
Russia and Belarus rerouted their fertilizer exports





Source: GTT. * Mirror trade = 95% of historical IFA urea exports, 91% MAP+DAP, 93% MOP

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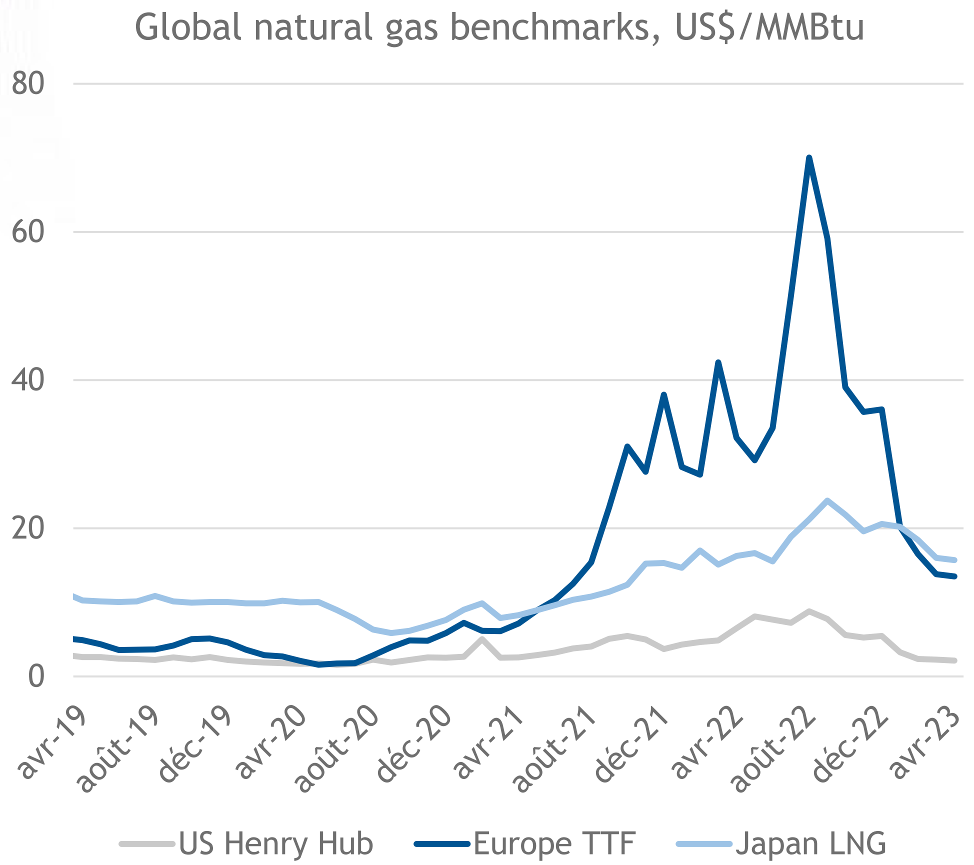
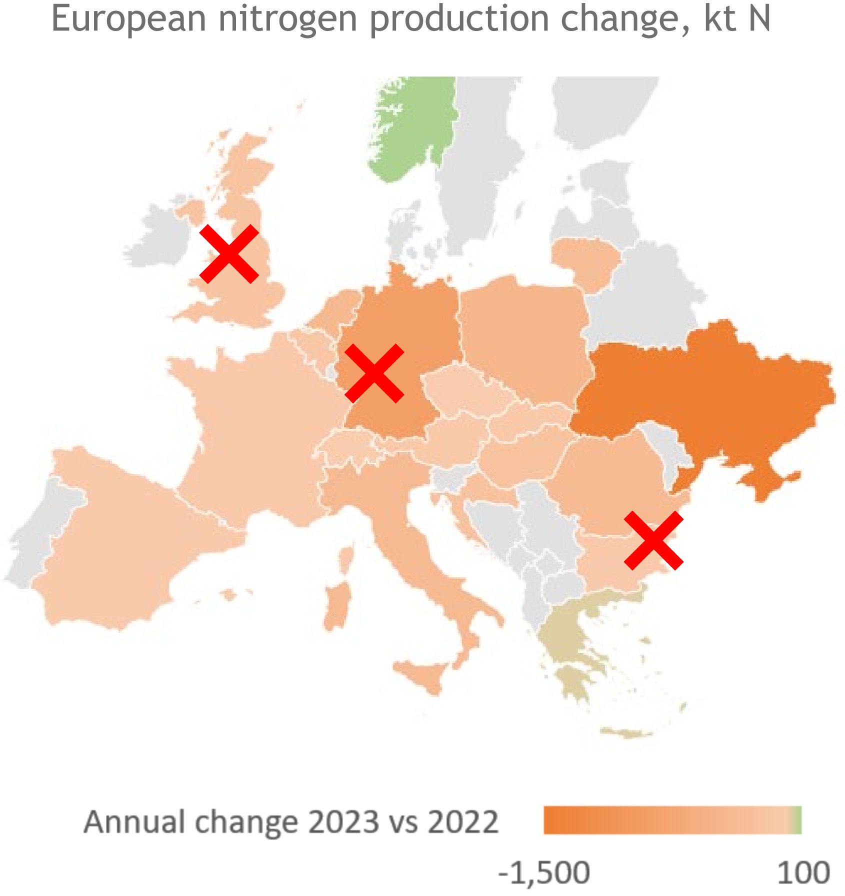
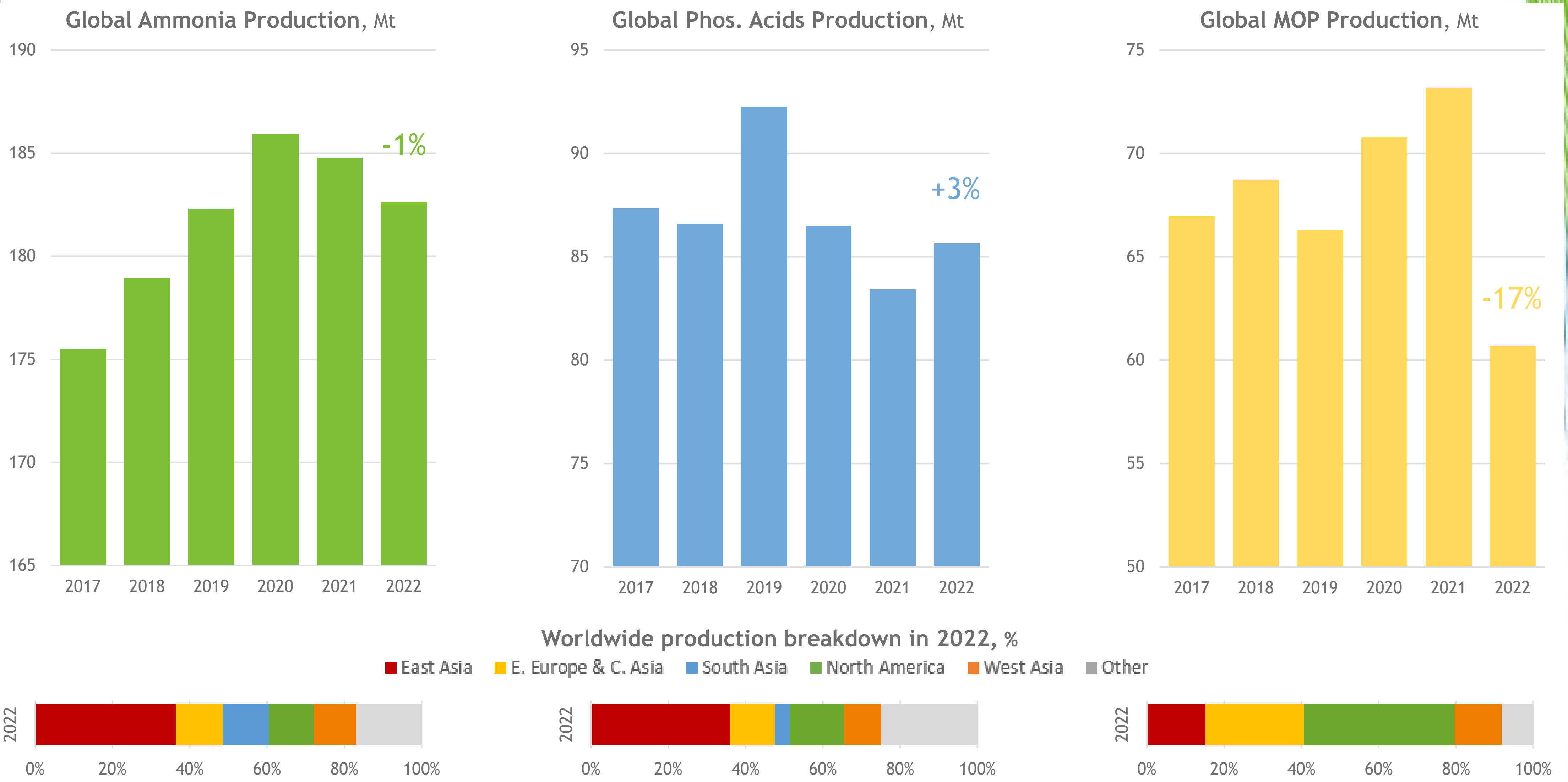
European production was lower across the board; some producers took long-term closure decisions





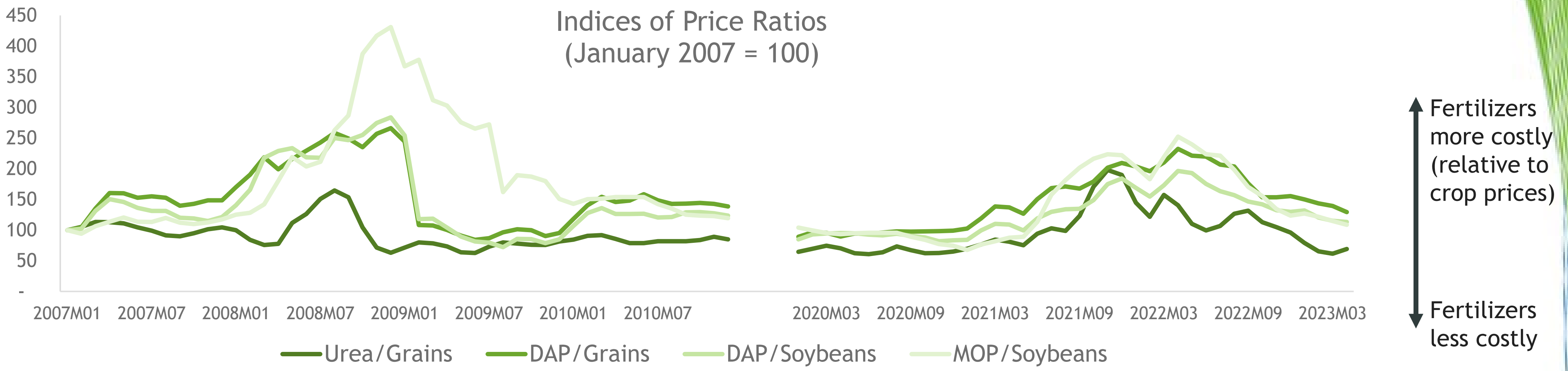
Source: GTT, World Bank

On balance, 2022 supply was better than initially feared



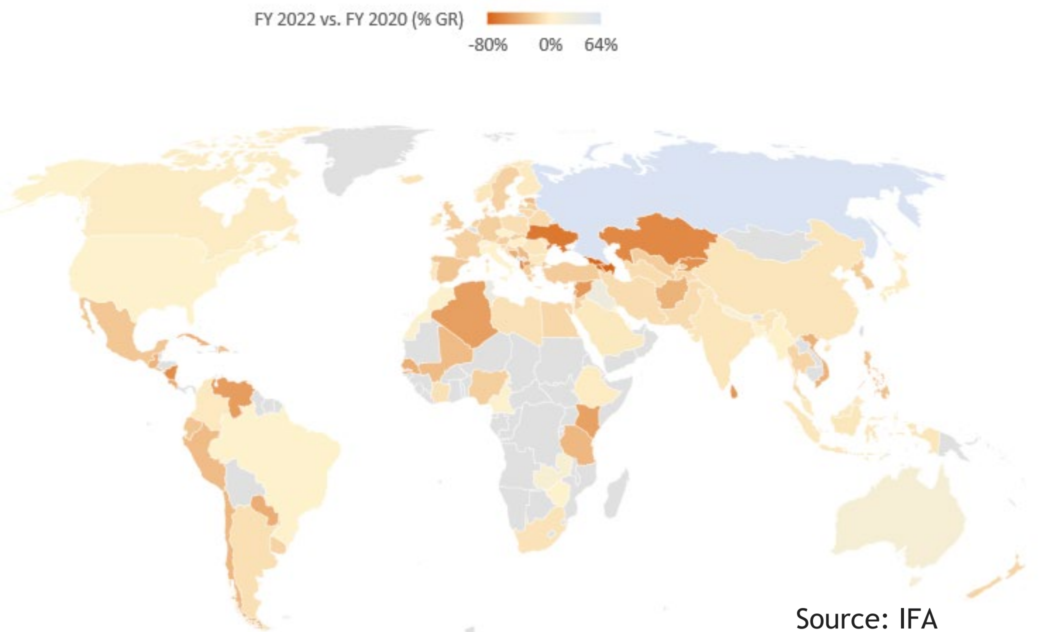
Source: IFA, May 2023.

On the demand side, farmers faced much higher fertilizer costs



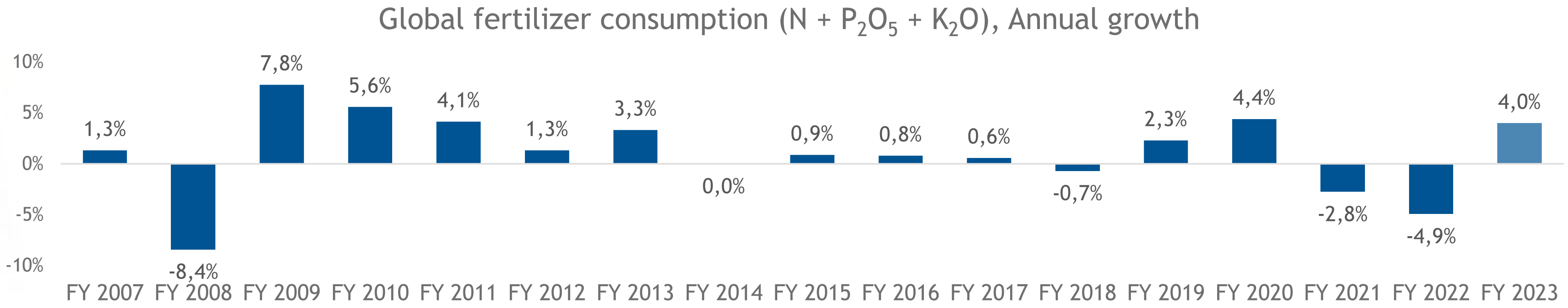
Source: The World Bank and CRU (May 2023).

Fertilizer use contracted in many countries



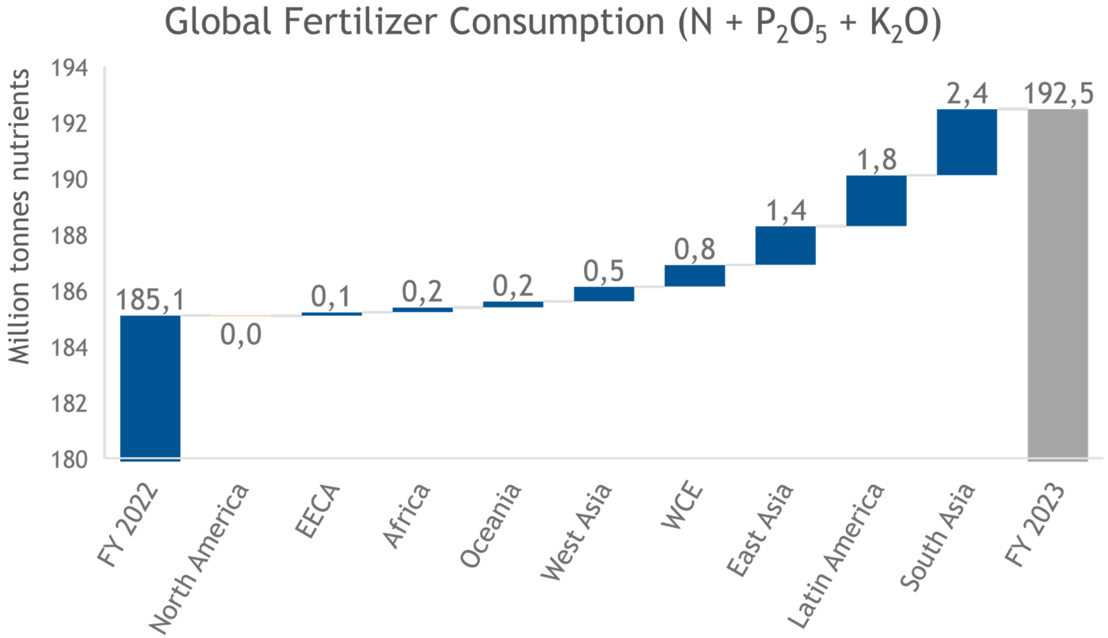
Source: IFA

After a two-year contraction, global fertilizer use is expected to recover partially in FY 2023



162.6	148.9	160.5	169.5	176.5	178.8	184.7	184.7	186.3	187.8	188.8	187.5	191.8	200.2	194.7	185.1	192.5	Mt

…driven by South Asia and Latin America



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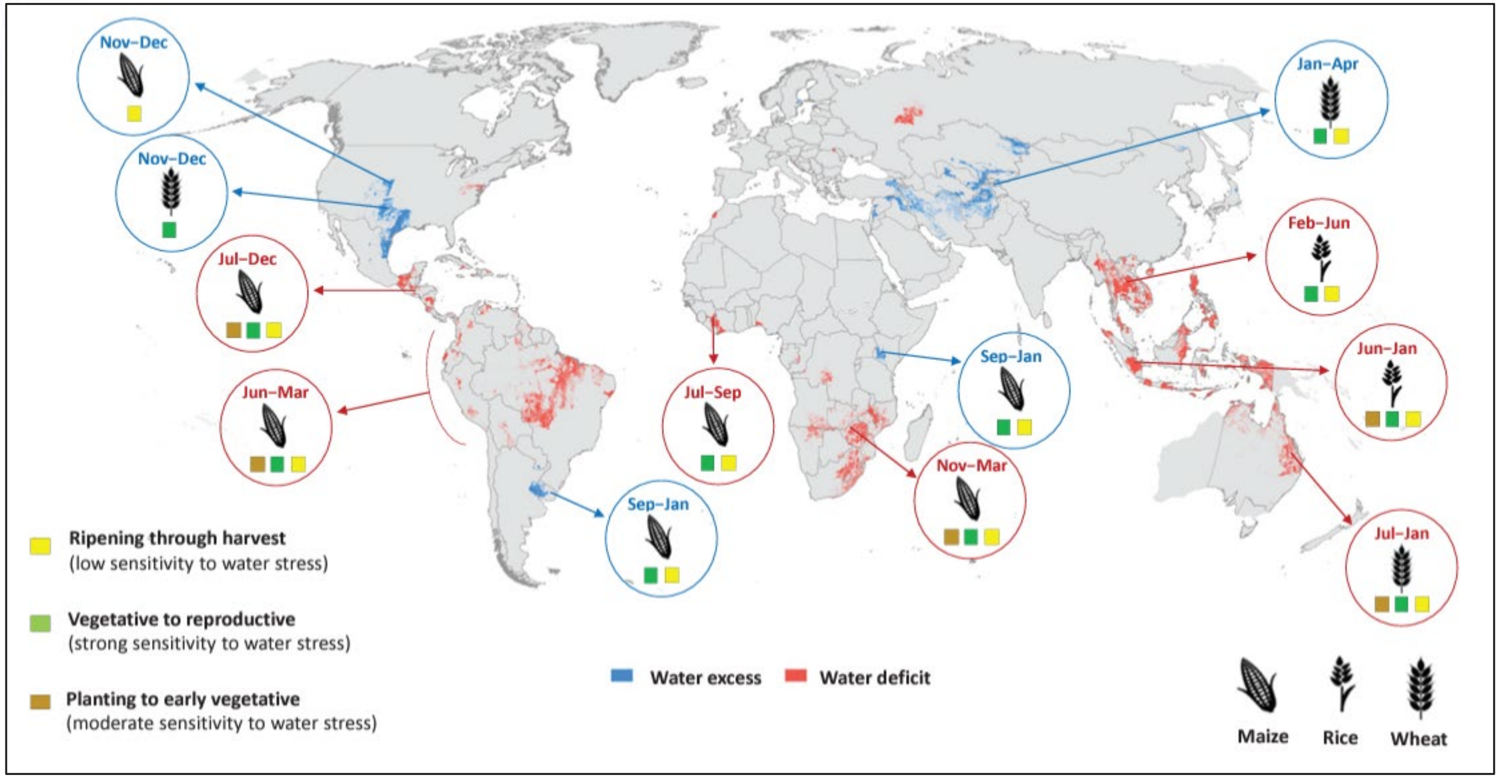
The transition from a triple La Niña to El Niño could bring dryness to large fertilizer consuming regions

Agricultural areas with high correlation between dry/wet conditions and El Niño events, and main cereals indicating the phenological phase during months of historical impact



Source: FAO. 2023. GIEWS Update: *El Niño to return in 2023 following a three-year La Niña phase*. Rome. 2023. https://www.fao.org/documents/card/en/c/cc5749en

Risk of dry conditions	Risk of excessive rainfall
• **Latin America:** northern part including Brazil, Central America • **Africa:** Southern Africa, Nigeria • **Southeast Asia:** rice and palm oil producing countries • **Oceania:** Australia	• **North America:** USA • **Latin America:** southern part including Argentina, Mexico • **West Asia** including Türkiye • **Central Asia**

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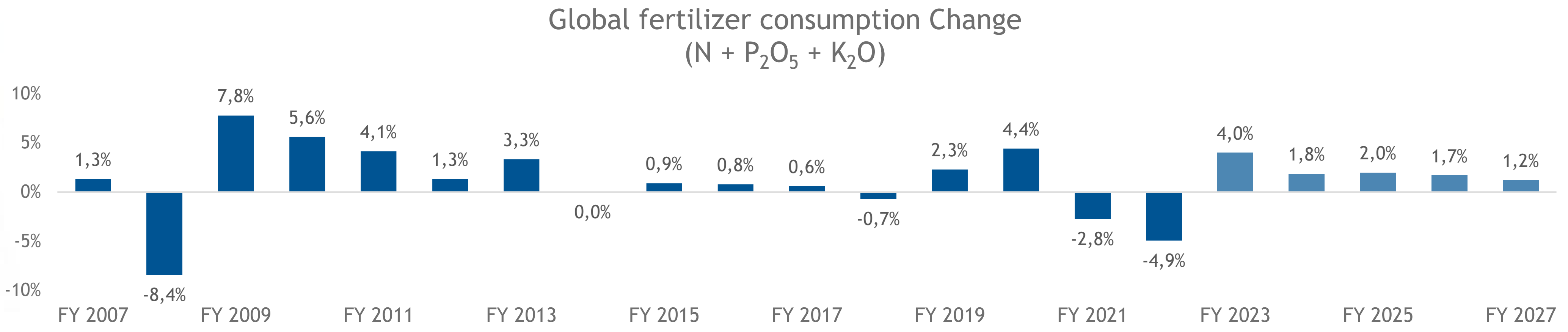
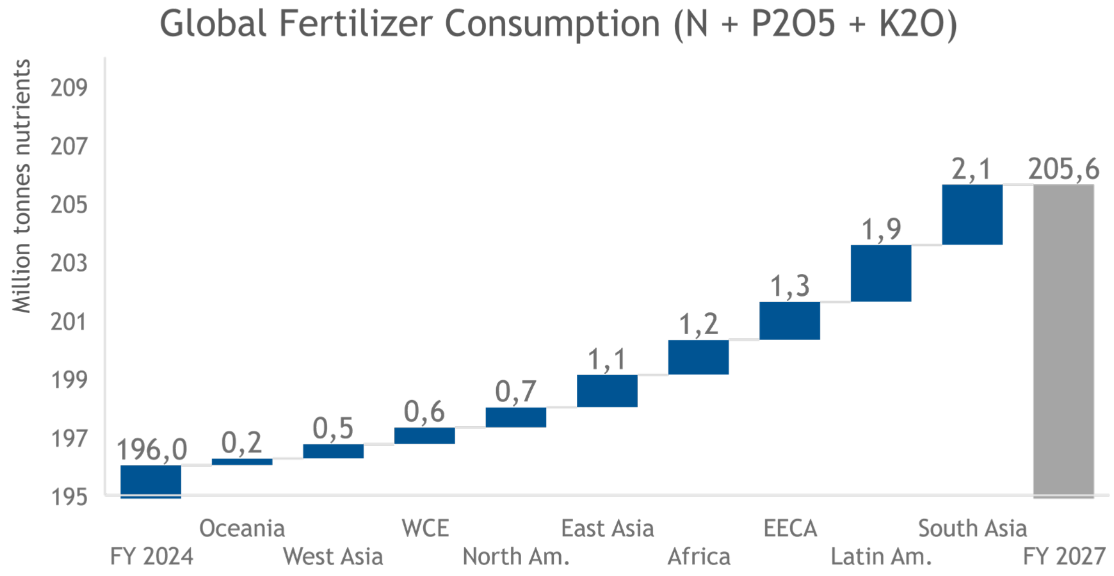
Slowing global growth is expected over the medium term



162.6	148.9	160.5	169.5	176.5	178.8	184.7	184.7	186.3	187.8	188.8	187.5	191.8	200.2	194.7	185.1	192.5	196.0	199.9	203.2	205.6	Mt

… still driven by South Asia and Latin America



Source: IFA, May 2023.

Conclusions

Short-term → **Long-term**

- Supply has been resilient despite multiple challenges
- Raw material costs remain inflated
- Sanctioned countries have routes to market but not at normal rates

Supply | **Demand**

- Affordability remains the key determinant
- Weather risks are coming, El Niño in '23-24
- South Asia and Latin America are largest drivers in ST and MT
- Africa is expected to be the fastest driver in MT

Short-term → **Long-term**

Thank you

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