

Diverging Trends as Rabi Season Nears Close

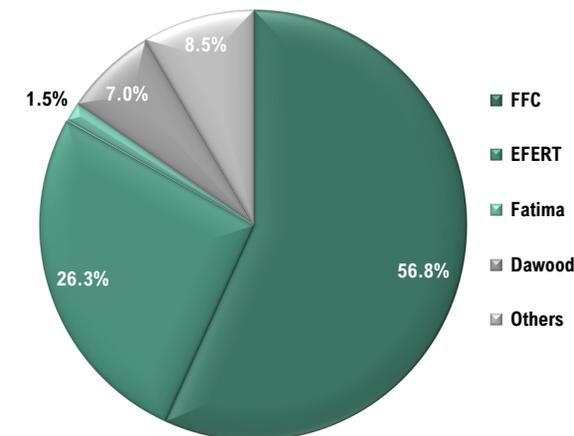
Metric	Value	Change
Feb-26 Urea Offtake	251kt	-27.7% Y/Y
Feb-26 DAP Offtake	102kt	+154.4% Y/Y
Rabi Oct–Feb Urea (Cum.)	2,994kt	+7.1% Y/Y
Rabi Oct–Feb DAP (Cum.)	685kt	-14.2% Y/Y
Total Nutrient Offtake (Feb)	250kt	+8.3% Y/Y
Urea Closing Stock (Feb)	844kt	~3.4x monthly demand
Avg. Urea Price (Sona)	PKR 4,429/50kg bag	+1.7% M/M
Avg. DAP Price	PKR 14,090/50kg bag	-1.9% M/M

Source: NFDC & HMFS Research

Overview

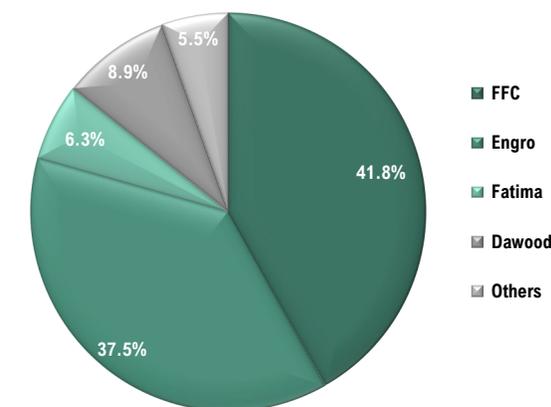
February 2026 fertilizer demand presented a distinctly divergent picture heading into the final month of the Rabi season. Urea offtake of 251kt declined a further 27.7% Y/Y — extending January's sharp pullback — while DAP offtake of 102kt surged 154.4% Y/Y off a historically weak February 2025 base of only 40kt. The DAP rebound, while optically dramatic, should be interpreted with caution: cumulative Rabi DAP demand (Oct–Feb) remains 14.2% below the prior-year period at 685kt, underscoring that affordability headwinds and farmer substitution behaviour have not structurally reversed. On the urea side, cumulative Rabi offtake of 2,994kt is still tracking 7.1% ahead of Rabi 2024-25, a constructive full-season outcome despite the Q1-CY26 demand deceleration. The closing urea stock of 844kt — equivalent to approximately 3.4x February's monthly demand — represents a sizeable overhang that is likely to cap near-term pricing upside into the early Kharif transition.

UREA Market Share - Feb 2026



Source: NFDC, HMFS Research

UREA Market Share - Rabi Season (Oct-Feb)



Source: NFDC, HMFS Research

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Cumulative Rabi Season Performance

On a cumulative Rabi basis (Oct–Feb), total nutrient offtake reached 2,159kt, up 2.6% Y/Y. Nitrogen offtake advanced 6.0% Y/Y to 1,712kt and potash rose 22.4% to 27kt, while phosphate contracted 9.9% to 420kt — the persistent DAP demand weakness remaining the key structural drag. Urea's cumulative performance is the standout (2,994kt), reflecting the strong Oct–Dec frontloading cycle that has now substantially unwound. The cumulative DAP figure of 685kt (-14.2% Y/Y) continues to reflect domestic retail prices at PKR 14,090/bag — still elevated on a Y/Y basis despite easing 1.9% M/M — which have eroded farmer affordability and incentivised substitution toward cheaper nitrogen sources.

Fertilizer Supply

Total urea availability during February stood at 1,094kt (602kt opening stock + 492kt production), against offtake of 251kt, leaving a closing balance of 844kt — the highest inventory level in the current Rabi season. For DAP, total availability of 371kt (279kt opening + 30kt imports + 62kt domestic production) covered offtake of 102kt, yielding a closing balance of 269kt.

Company-wise Urea: Production, Offtake & Stock Position (February 2026, Tonnes)

Urea	Opening	Production	Total Availability	Offtake	Closing Balance
FFC	89,435	196,542	285,977	142,342	143,635
EFERT	234,092	199,306	433,398	65,875	367,725
FATIMA	185,938	40,867	226,805	3,703	231,498

Source: NFDC & HMFS Research

Company-wise Positions

FFC recorded meaningful commercial clearance of 142kt in February, drawing down its total availability from 286kt to a lean closing position of 144kt. This is consistent with FFC's distribution strength and its prilled urea franchise, and leaves channel inventory in a manageable position heading into March. FFC-SONA's DAP closing stock of 85kt likewise remains workable given the recovering demand environment.

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EFERT produced 199kt of urea but recorded offtake of only 66kt, resulting in a closing balance of 368kt — the highest absolute inventory level among the three majors and materially elevated from January's 234kt. This build reflects EFERT's posture as a price-setter willing to hold inventory rather than discount, though the ongoing accumulation creates working capital drag and is worth monitoring should pricing pressure materialise ahead of the Kharif season.

FATIMA's opening stock of 186kt, production of 41kt, and offtake of just 3.7kt, has effectively carried its inventory balance forward for a second consecutive month — closing February with 231kt on hand. Combined with FatimaFert (DHCL)'s position of 58kt, the Fatima group collectively holds approximately 289kt of urea, against monthly sales that have been negligible. This concentration of unsold inventory is a risk factor for any near-term price stability in the urea market.

Outlook

With Rabi entering its final month, cumulative urea demand is tracking 7.1% ahead of last season. NFDC projects full-Rabi urea offtake at approximately 3,422kt against total availability of 4,318kt, implying a Rabi season-end carry of around 880kt. The scale of this surplus — set to become the Kharif 2026 opening stock — is a double-edged outcome: it provides volume visibility for producers but will effectively cap urea pricing through the first half of Kharif, particularly given that FatimaFert and FFC (Port Qasim) are assumed to remain shut-down during the summer months.

For Kharif 2026, NFDC estimates urea demand at 3,364kt against total availability of 3,573kt, leaving a thin buffer of approximately 209kt — well below the 300kt comfort level — by season end. This implies that full-capacity operation of all active plants during Kharif will be critical, and any disruption to gas supply or plant availability could create localised tightness, particularly in the back half of the season (July–September).

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