

Seasonal Surge Lifts Offtake, Yet Surplus Signals Underlying Strain

Fertilizer Uptick Masks YTD Weakness

With the Kharif 2025 season in full stride, fertilizer demand saw a notable resurgence in May, buoyed by improved water availability and the activation of credit facilities via the Kissan Card scheme. Total nutrient offtake jumped 27% y/y to 311kt, driven by a 17% rise in nitrogen and a 108% surge in phosphate. Urea volumes grew modestly by 4.5% y/y (offtakes at 418kt), while DAP registered a sharp 132% y/y spike (offtakes at 95kt), highlighting early procurement activity. However, cumulative 5MCY25 Urea and DAP sales still lag y/y by 31% and 34%, respectively, owing to weak agronomics and erosion in farmer incomes.

Urea Industry Volumetric Position

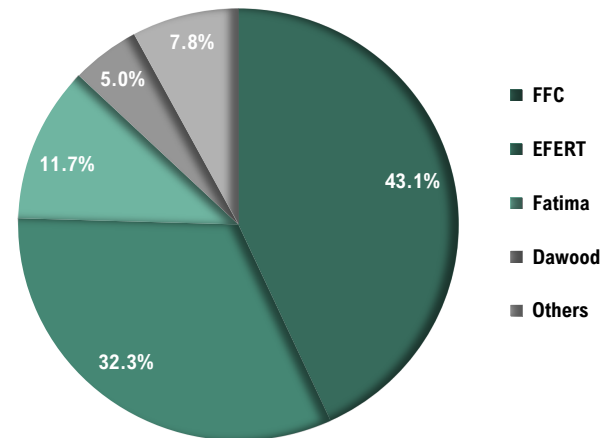
Urea	May-25	May-24	Y/Y	Apr-25	M/M
Opening Inventory	1,104	368	200%	820	35%
Production	606	462	31%	570	6%
Imports	-	-	-	-	-
Off-take	418	400	5%	251	67%
Closing inventory	1,316	425	210%	1,104	19%

Source: NFDC & HMFS Research

Hefty Inventory May Cap Price Moves

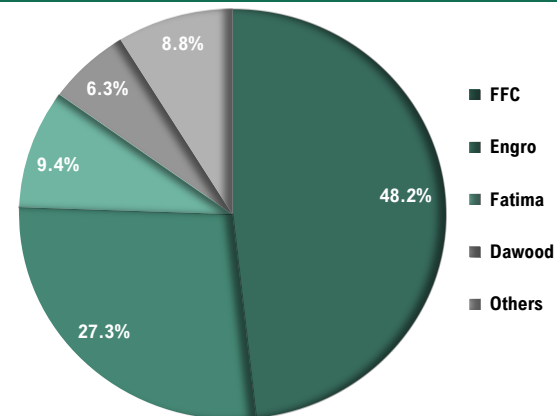
Despite the monthly recovery in sales, inventory levels swelled further in May. Urea closing inventory stood at 1.32mnt, up 19% m/m, marking the highest level in eight years, as supply outpaced demand amid previous months' muted offtake. DAP inventory also climbed to 238kt, up 17% m/m, aided by 52kt of imports and lower-than-expected sales. This build-up in stock levels reflects a cautious underlying demand trend and may weigh on future pricing decisions.

UREA Market Share - May 2025



Source: NFDC, HMFS Research

UREA Market Share - 5MCY25



Source: NFDC, HMFS Research



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Urea Volumes Recover; DAP Sales See FFC Dominance

Urea Offtakes

- **FFC** dispatched 207kt, down 10% y/y, but up 92% m/m.
- **EFERT** posted a strong rebound with 142kt, rising 84% y/y and 75% m/m, supported by competitive pricing and post-turnaround availability.
- **FATIMA** sold 25kt, up 79% y/y,

DAP Offtakes

- **FFC** led with ~68kt, a 1.2x y/y jump and a sharp 24% m/m increase.
- **EFERT** sold 14kt, up 6x y/y, though m/m volumes dipped 55%.
- **FATIMA** added 3.2kt, up 1.6x y/y.

Stocked for Season, But Risks Remain

With projected urea availability of 4.0mnt against expected Kharif demand of 3.16mnt, the sector appears comfortably stocked for the season. Similarly, DAP availability at 889kt should meet estimated demand of 804kt, assuming smooth import execution and uninterrupted gas supply to FFBL. That said, the elevated inventory levels and fragile farm economics warrant caution. While seasonality offers a near-term boost, sustainable demand will hinge on crop pricing recovery, irrigation flows, and government support continuity.

	May-25	May-24	Y/Y	Apr-25	M/M
Off-take (kt)					
Urea	418	400	5%	251	67%
DAP	95	41	135%	95	0%
Retail price (PKR/bag)					
Urea	4,476	4,840	-8%	4,499	-0.5%
DAP	12,606	11,553	9%	12,363	2%

Source: NFDC & HMFS Research



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Tuesday, June 17, 2025

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