

June Sees Recovery, Inventory Concerns Persist

Fertilizer Offtake Climbs on Urea Strength

Fertilizer offtake continued its seasonal ascent in June 2025, propelled by active Kharif cultivation, consistent irrigation flows, and ongoing loan disbursements under the Kissan Card scheme. Total nutrient offtake climbed 11% y/y to 407kt, supported by a 16% rise in nitrogen and a 41% surge in potash, though phosphate offtake slipped 7% y/y. Urea volumes jumped 21% y/y and 39% m/m to 582kt, while DAP offtake softened by 7% y/y to 115kt, though still up 21% over May, indicating staggered procurement patterns amid uncertain demand.

Urea Industry Volumetric Position

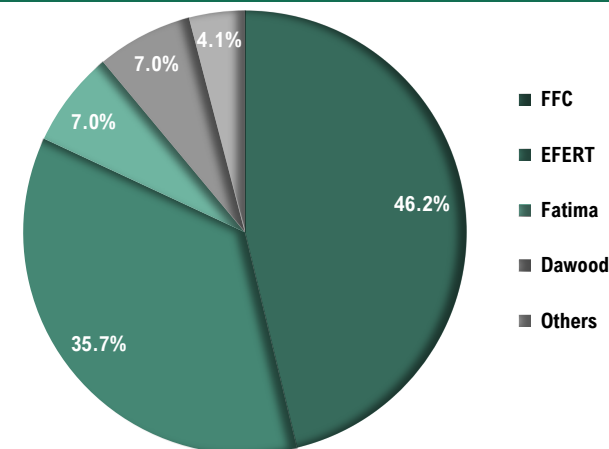
Urea	Jun-25	Jun-24	Y/Y	May-25	M/M
Opening Inventory	1,316	425	210%	1,104	19%
Production	55	487	-89%	606	-91%
Imports	-	-	-	-	-
Off-take	582	483	20%	418	39%
Closing inventory	1,278	431	197%	1,316	-3%

Source: NFDC & HMFS Research

High Fertilizer Stocks Signal Downstream Caution, Cap Upside Risk

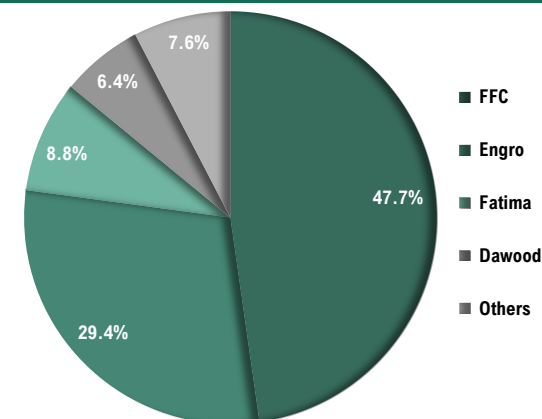
Despite healthy sales, inventory levels remain elevated. Urea stock stood at 1.28mnt by June-end, (just 3% lower m/m) as production (555kt) outstripped demand. DAP inventories, on the other hand, swelled 37% m/m to 324kt, supported by 128kt of imports and softer domestic drawdowns. This persistent oversupply reflects cautious downstream sentiment and might limit pricing power, especially in DAP.

UREA Market Share - Jun 2025



Source: NFDC, HMFS Research

UREA Market Share - HY25



Source: NFDC, HMFS Research



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Company Offtakes – June 2025: EFERT Rallies, FFC Steady, DAP Mixed

Urea Offtakes

- **FFC** sold 269kt, up 4% y/y and 30% m/m.
- **EFERT** rebounded strongly with 208kt, up 34% y/y and 46% m/m, driven by discounted pricing and post-turnaround plant availability.
- **FATIMA** posted 81kt, nearly doubling y/y (+93%) and rising 51% m/m.

DAP Offtakes

- **FFC** led with 77kt, down 11% y/y but up 14% m/m.
- **EFERT** sold 12kt, down 62% y/y and 13% m/m, indicating lagging market share.
- **Others** collectively contributed 26kt, nearly 4x last year's figure.

Buffer Built, But Uptake Uncertain

Total urea availability for Kharif 2025 stands ample at 4.26mnt vs. projected demand of 2.93mnt, ensuring a ~300kt buffer throughout the season. Likewise, DAP supply of 932kt appears sufficient against the 788kt estimated requirement, assuming import pipelines remain active and no further curtailments in gas to FFBL materialize. Nonetheless, weak crop economics, stagnant commodity prices, and surplus stock levels suggest that any pricing upside remains capped. As such, the balance of the season may hinge more on farmer sentiment than fundamentals.

	Jun-25	Jun-24	Y/Y	May-25	M/M
Off-take (kt)					
Urea	582	483	21%	418	39%
DAP	115	123	-7%	95	21%
Retail price (PKR/bag)					
Urea	4,452	4,744	-6%	4,476	-0.5%
DAP	12,768	10,941	17%	12,606	1%

Source: NFDC & HMFS Research



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Thursday, July 17, 2025

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