NexantThinking[™] Strategic Business Analysis



Ammonium Nitrates - Supplement Report

Report Overview

Subjects Addressed

- Overview of the ammonium nitrate, calcium ammonium nitrate, urea ammonium nitrates and broader fertilizer industries
- Market demand drivers, regional and global supply demand and trade analysis and forecasts
- Regional and global profitability and pricing analysis and forecasts
- Analysis of competitive positions of archetypal producers to deliver products into individual markets

In order for crops to grow, three principal soil nutrients are required: nitrogen (chemical symbol, N), phosphorus (chemical symbol, P) and potassium (chemical symbol, K). As each harvest removes these nutrients in the form of crops, they must be replenished to prevent the land from becoming barren. The vast majority of inorganic fertilizers applied around the world to crops predominantly contain these three primary ingredients

N, P and K, (known as N-P-K fertilizers or compound fertilizers when elements are mixed intentionally). There are a number of different routes for producing the various fertilizer products available today. Ammonium nitrates form part of the nitrogen based fertilizers which are consumed in larger quantities compared to P and K fertilizers on a weight basis.

Ammonium nitrate (AN) is a white crystalline solid which is formed by the neutralization reaction between ammonia and nitric acid. Its major uses are as a fertilizer and as an explosive. AN was first synthesized by the German chemist, Glauber, in 1659. Its explosive gualities were recognized and exploited during World War 1. By the late 1940s, AN was well established as a chemical fertilizer replacing the dwindling supplies of natural bird guano internationally. However, today, pure AN has somewhat restricted use in a number of countries due to its inherent explosive potential and associated hazards such as misuse of the material to manufacture improvised explosive devices (e.g., IED used in 1995 in Oklahoma City, U.S.). Therefore, calcium ammonium nitrate (CAN) was developed as a more stable alternative and enjoys widespread use in regions with a temperate climate (such as Europe). It is also widely used in China where there are relatively small production plants that produce sufficient fertilizer to supply AN to their immediate vicinity only. Urea ammonium nitrate (UAN) is a combination of AN and urea solutions which is widely used in North America, Europe and Australia. It is easily applied through irrigation systems, thus obviating conventional application techniques.

Nexant's SBA Supplement Report, Ammonium Nitrates will analyze the key developments in the industry and likely future market and pricing trends. Going forward, there are a

number of key issues facing the industry. Will new government regulations thwart AN demand growth in some countries over the next decade? Will significant consumption of CAN become established in regions beyond Europe as a result of safety concerns for AN? Will the mining industry continue to drive demand for explosive grade AN? How will the low oil price environment impact AN, CAN and UAN pricing and the relative competiveness of producers globally? How might fertilizer policy changes in China impact fertilizer markets around the world? The proposed Table of Contents is as follows:

- 1. Executive Summary
- 2. Introduction: Overview of the ANs and broader fertilizer industries
- 3. Market Assessment: Demand drivers, regional and global supply demand and trade analysis and forecast up to 2035
- 4. Pricing Assessment: Regional and global profitability and pricing analysis and forecast up to 2035
- Competitiveness: Analysis of competitive positions of archetypal producers to deliver products into individual markets

Nexant's Ammonium Nitrates Supplement Report will be useful to AN producers and consumers globally, governments developing fertilizer strategy or traders of fertilizer products.

It will help AN producers to plan production and expansions and assess market growth opportunities. The report will also be helpful to investors seeking to enhance their business by constructing new fertilizer complexes or expanding existing fertilizer facilities.

For further information regarding the upcoming Strategic Business Analysis: Ammonium Nitrates Supplement Report, please contact SBA-fertilizers@nexant.com.





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