



FNB Agriculture

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Agriculture Markets: Fertilizer outlook.

Strong first quarter 2025 prices for fertilizers but crude oil withered.

- A combination of deceleration in global economic growth, the increased supply outlook, and heightened tensions over the US tariff weighed heavily on energy markets in April 2025. The benchmark international Brent crude oil price fell by 3.4% month-on-month (m/m) and a whopping 15% year-on-year (y/y) in April 2025 to average US\$72.57/ barrel (bbl.). This was a strong reversal from the quarterly uptick of 1.4% to an average of US\$74.23/ bbl. in Q1 of 2025 relative to Q4 of 2024, which was however down by 9% relative to Q1 of 2024. For the year-to-date (YTD), average Brent crude oil prices decreased by 13.2% y/y at US\$73.67/ bbl. (table 1, figures 1a and 1b).
- The outlook for Brent crude oil prices remains on the downside for 2025 and 2026 with declines of 21% and 25.9% y/y respectively at US\$64/ bbl. and US\$60/ bbl., according to the World Bank's (WB) April 2025 forecasts.
- As fertilizer prices are closely linked to energy costs due to natural gas being a key input in their production, the downturn in energy prices hold positive prospects for agriculture production.
- In the fertilizer market, we saw an uptick of 6% in the WB fertilizer index for Q1 of 2025 from the last quarter and were 11 % higher relative to the same quarter in 2024. Higher demand amid production deficits and export restrictions particularly by China underpinned the surge in the WB fertilizer index in Q1 of 2025.
- Urea prices jumped by 12.3% q/q and were 19.2% higher y/y at US\$403.83/ ton in Q1 of 2025. We however saw a reversal in trend early in Q2 of 2025 with average monthly prices falling by 1.9% m/m at US\$386.88/ ton, but still 20.1% above the same month last year (table 1, figures 1a and 1b).

Table 1: Agrochemicals price trends – April 2025

Period	Crude oil, Brent US\$/bbl.	Phosphate rock US\$/t	DAP US\$/t	TSP US\$/t	Urea US\$/t	Potassium chloride ** US\$/t
Average Price_ April 2025, US\$/Unit	67.75	152.50	365.00	496.00	386.88	351.88
% Δ m/m	-6.7%	0.0%	-40.7%	3.7%	-1.9%	4.6%
% Δ y/y	-24.8%	0.0%	-33.0%	12.1%	20.9%	15.4%
Average Price_ Q1'2025, US\$/Unit	74.23	152.50	600.53	479.04	403.83	319.00
% Δ q/q	-7.9%	0.0%	0.2%	6.1%	19.2%	8.0%
% Δ y/y	-10.0%	0.0%	2.5%	6.7%	20.9%	7.1%

Source: World Bank

- Di-ammonium phosphate (DAP) advanced marginally by 0.2% q/q and 5% y/y in Q1 of 2025 at US\$600.53/ ton on the back of tighter supplies due China's export restrictions on phosphate. China's drive and success with electric vehicles (EVs) raised the demand for phosphate in the production of lithium iron phosphate batteries. However, Q2 started on a negative note for DAP prices after falling sharply by 40.7% m/m and 33% y/y at US\$365/ ton in April 2025.
- Average potassium chloride (KCL) prices for Q1 of 2025 surged by 8% q/q and 12.4% y/y at US\$319/ ton. At US\$327.22/ ton for the YTD (April), average KCL prices were 9.9% higher y/y. For April, KCL prices jumped by 4.6% m/m and 15.4% y/y at US\$351.88/ ton. Strong demand despite increased availability from Russia and Belarus both targeting the Asia market while Canada lifted it exports mainly to Europe. New production capacity is reportedly under way in Canada thus improving the long-term supply outlook, which is poses a potential downside risk for prices.
- The latest fertilizer futures for various destinations of May 2, 2025 on the Chicago Mercantile Exchange (CME) are illustrated in table 2.

Figure 1: International fertilizer and crude oil price trends

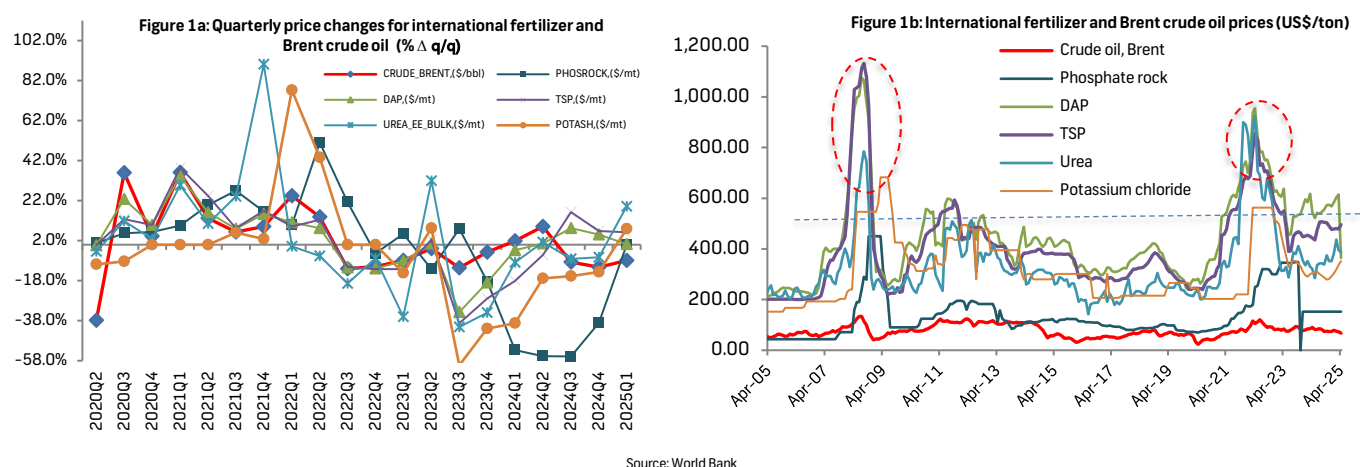


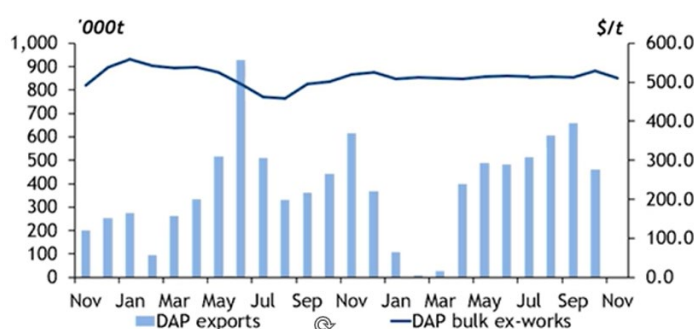
Table 2: Latest fertilizer futures on CME (US\$/t)

	DAP FOB NOLA FUTURES	MAP CFR BRAZIL FUTURES	MAP CFR BRAZIL FUTURES	UREA (GRANULAR) FOB US GULF FUTURES
Jul 2025	638.50	702.50	375.00	365.00
Aug 2025	638.50		375.00	365.00
Sep 2025	638.50			365.00

Source: CME

- Demand conditions:
 - Import demand is reportedly strong in India with DAP stocks estimated at 1.67 million tons.
 - In Australia, demand is reportedly stable with about 1 million tons per year ahead of the season.
 - Ethiopia raised its import demand – needing about 1.27 million tons of DAP which boosts Chinese prices. With producers now more internally focussed on domestic requirements, prices are expected to moderate in the medium term in China (fig. 3).

Figure 2: Producers in China focusing on domestic demand

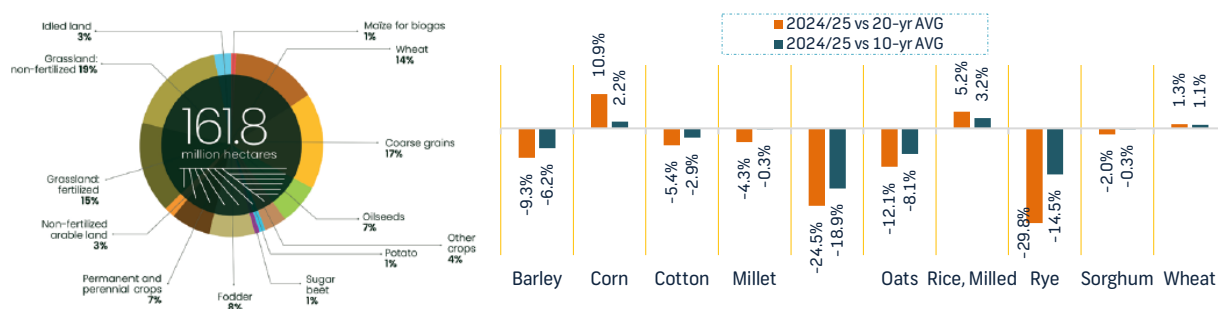


- A combination of bad weather and the increased volatility in the US\$/ euro exchange rate impacted negatively on demand earlier in the quarter. However, planting conditions have improved lately lifting demand for phosphates.
- US phosphates exports will remain subdued given the current tariff turmoil. Seasonal volatility to persist.

Global field crops area increased annually by 1.8% over the past two decades boosting demand for fertilizers.

- In Europe, agriculture area declined over the past decade to 122.9 million hectares in 2024 with almost 71% fertilized under cereals, oilseeds, and fodder, with 9.4% of the fertilized area under vineyards, orchards, and forests accounting for 9.4% while 20% was for grassland. Figure 4 illustrated various crop shares of agriculture land in the EU.
- Globally, a total of 758.96 million hectares were planted under various field crops with the biggest area under maize (26.8%), wheat (29.3%), and rice (milled) at 22.4%.
- Maize planted area during the 2024/25 season was way above the 20-year long term average by 10.9% and for the 10-year average by 202% (fig. 3). Global maize consumption of fertilizer (mainly Nitrogen, Phosphorus, Potassium Chloride) was estimated 16%.
- Wheat's share of global planted area is 29.3% during the 2024/25 season and was 1.3% and 1.1% respectively above the 20-year and the 10-year long term averages at 22.46 million ha.
- The third biggest crop is rice (milled) whose share of global crop area is 22.4% in the 2024/25 season at 169.88 million ha. This was 5.2% and 3.2% respectively above the 20-year and the 10-year long term averages.

Figure 3: Agricultural land use in the European Union and changes in global planted area under field crops



Source: USDA

- Over the past two decades, global agriculture area under the field crops increased annually by 1.8% which indicates solid demand for mineral fertilizers.
- China accounts for the lion share of maize, rice, and wheat area planted at 22%, 17%, and 106% respectively. At 44.74 million ha, China's maize area was 15.4% and 3.7% higher relative to the 20-year and the 10-year long term averages respectively. However, its rice and wheat saw declines relative to the two periods as illustrated in table 3.

Table 3: Regional field crop area trends

Country	Maize (Corn)				Rice, Milled				Wheat			
	2024/25	2024/25 vs 20-yr AVG	2024/25 vs 10-yr AVG	Share	2024/25	2024/25 vs 20-yr AVG	2024/25 vs 10-yr AVG	Share	2024/25	2024/25 vs 20-yr AVG	2024/25 vs 10-yr AVG	Share
Brazil	22,300	31.5%	14.8%	11.0%	1,700	-23.2%	-2.4%	1.0%	3,059	29.6%	21.1%	1.4%
Central America	1,875	2.9%	1.0%	0.9%	211	-12.2%	-7.4%	0.1%	-	-	-	-
China	44,741	15.4%	3.7%	22.0%	29,007	-3.0%	-3.2%	17.1%	23,587	-1.7%	-1.5%	10.6%
European Union	8,704	-3.0%	-0.6%	4.3%	394	-6.4%	-2.2%	0.2%	22,701	-9.6%	-6.8%	10.2%
North America	41,346	-0.3%	-1.3%	20.3%	1,193	1.2%	6.2%	0.7%	26,682	-4.6%	1.9%	12.0%
South America	31,750	27.2%	9.9%	15.6%	4,178	-6.2%	2.5%	2.5%	10,792	18.2%	11.9%	4.9%
Sub-Saharan Africa	38,677	10.6%	-1.5%	19.0%	15,091	25.5%	5.0%	8.9%	3,132	7.0%	4.4%	1.4%
United States	33,547	1.0%	0.2%	16.5%	1,160	2.2%	7.0%	0.7%	15,568	-12.3%	-1.5%	7.0%
World	203,187	10.9%	2.2%		169,878	5.2%	3.2%		222,458	1.3%	1.1%	

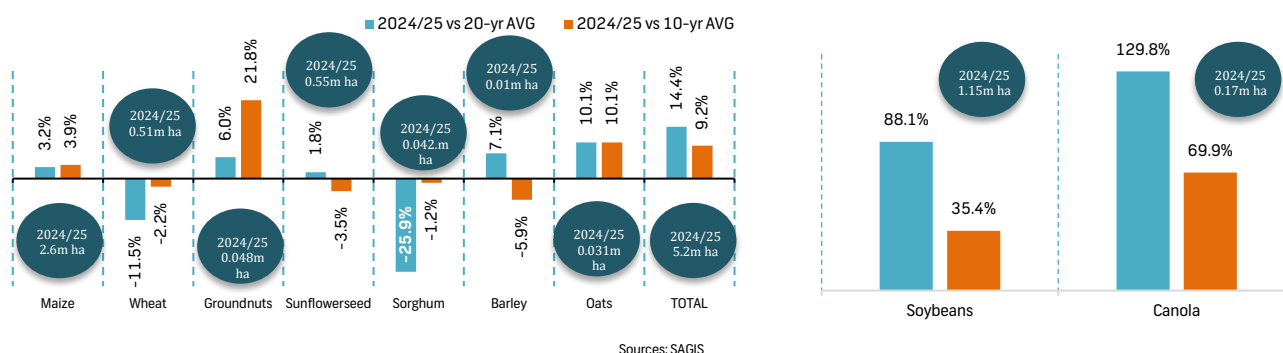
Source: USDA

- Brazil had the biggest growth in maize plantings with total area of 33.55 million ha in 2024/25, which is 14.8% and 31.5% higher relative to the 20-year and the 10-year long term averages respectively.
- It saw exceptional growth of 29.6% and 21.1% relative to the 20-year and the 10-year long term averages respectively for wheat during the 224/25 season.
- Sub-Saharan Africa's share of total maize area was 19% for maize at 38.68 million ha, which is 10.6% higher relative to the 20-year long term average but was down by 1.5% relative to the 10-year long term average. Drought conditions contributed immensely to the drop in area planted. Wheat area is only 1.4% of total global area but saw good growth of 7.0% and 4.4% above the 20-year and the 10-year long term averages respectively during the 224/25 season (table 3).

SA maize area remains solid while soybeans boosted total field crop hectares recently.

- Despite dropping from an average of 4 million hectares (ha) in the 80s, South Africa's maize area remained solid around 2.5 million ha in the past ten years with a CAGR of 3.3%. The CAGR for the past twenty years 3.3%.
- A total of 2.6 million hectares were planted during the 2024/26 production season, which is way above the 20-year long term average by 3.2%, and 3.9% above the 10-year average (table 4, fig.4).

Figure 4: Changes in South Africa's field crops planted area



- A total of 5.2 million hectares were planted under various field crops with the biggest area under maize (50%), soybeans (22%), and wheat (10%).
- Soybeans had the biggest contribution to the growth in planted area over the past decade with a CAGR of 9.6% following massive investment in processing capacity. At 1.2 million hectares, the soybean area was higher than the 20-year long term average by 88%, and for the 10-year average by 35.4% (table 3, fig. 3).

Table 4: South Africa's field crops area by type (million hectares)

	20-year average ha	10-year average ha	Ha planted 2024/25	2024/25 ha vs 20-yr AVG	2024/25 ha vs 10-yr AVG	CAGR 20 years	CAGR 10 years
Maize	2.5	2.5	2.6	3.2%	3.9%	2.6%	3.3%
Wheat	0.6	0.5	0.5	-11.5%	-2.2%	-2.4%	0.5%
Groundnuts	0.05	0.04	0.05	6.0%	21.8%	0.0%	8.8%
Sunflower-seed	0.5	0.6	0.6	1.8%	-3.5%	0.9%	-2.8%
Sorghum	0.1	0.04	0.04	-25.9%	-1.2%	0.5%	-1.8%
Soybeans	0.6	0.9	1.2	88.1%	35.4%	8.6%	9.6%
Barley	0.1	0.1	0.1	7.1%	-5.9%	0.6%	0.8%
Canola	0.1	0.1	0.2	129.8%	69.9%	7.7%	8.7%
Oats	0.03	0.03	0.03	10.1%	10.1%	-	-
TOTAL	4.5	4.8	5.2	14.4%	9.2%		

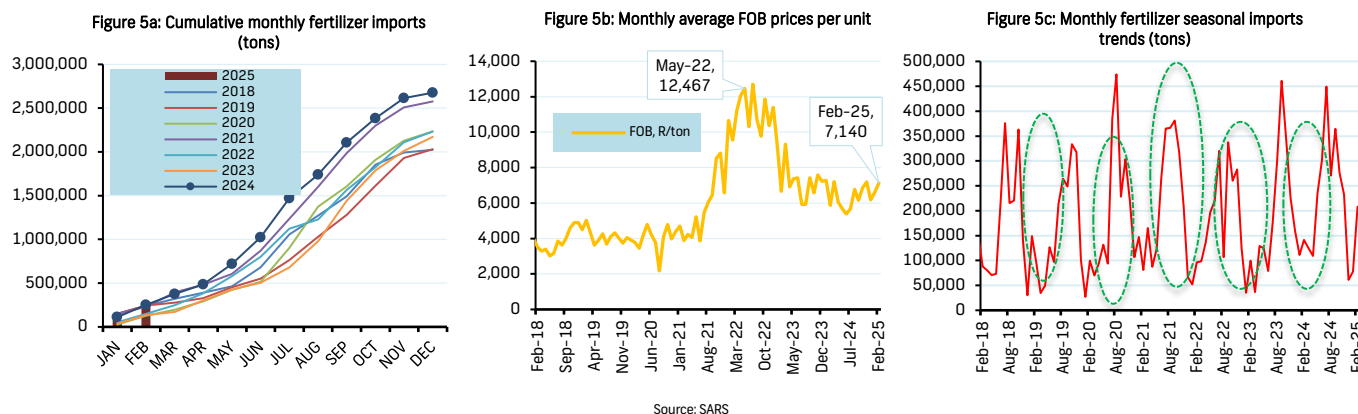
Sources: SAGIS

South Africa ramped up fertilizer imports ahead of the 2024/25 agriculture season

- SA imports almost 80% of its domestic fertilizer requirements from various countries. Fertilizer imports for the second half of 2024 increased sharply 43% y/y in anticipation of better seasonal production conditions.
- The quantity of fertilizer imports of all types increased sharply by 267% m/m in February 2025 at 286,246 tons, according to the latest data from SARS. Cumulatively, the total quantity of fertilizer imported for the first two months of 2025 was however almost unchanged relative to the same period in 2024 (fig.5a).

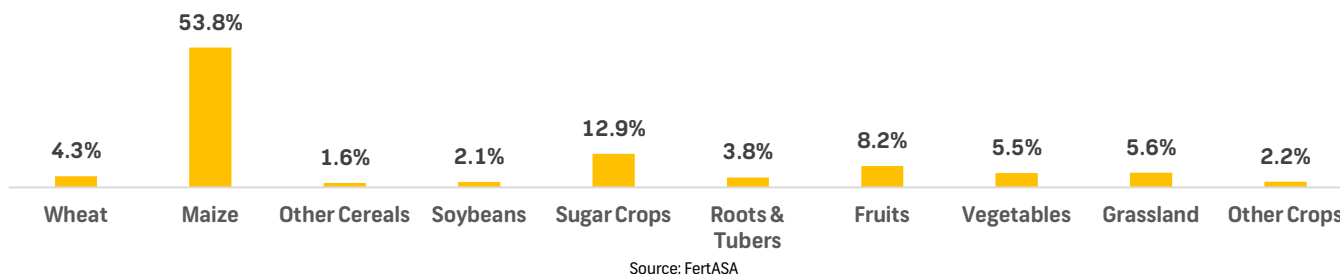
- With the summer crop season almost halfway to the finish, focus now turns to the winter crop season. The seasonal trend in volumes of fertilizer imports normally starts from April and reaches a peak in August before tapering off towards the end of the year as illustrated in figure 5c.
- Average FOB prices have trended on the downside and way below the 2022 peak due to rand/ US dollar appreciation. This implies that both winter and summer plantings in 2024 benefited from the lower fertilizer price levels.
- The average FOB prices of all fertilizer for the first two months of 2025 increased by 4.6% relative to the same period in 2024 at R6,877 / ton (fig. 4b). The average FOB fertilizer price for February 2025 was R7,140 / ton, which is up 7.9% m/m and 21.4% y/y.

Figure 5: SA fertilizer imports and average FOB price trends



- Historical consumption trends as supplied by the Fertilizer Association of South Africa shows that the biggest consumers of the NPK fertilizers are maize, sugar, and fruit crops with shares of 53.8%, 12.9%, and 8.2% respectively of the total NPK consumption (figure 4). Hence, the trend in fertilizer imports will coincide with their planting seasons (fig.6).

Figure 6: Historical consumption shares – NPK fertilizers



Summary and outlook

- Rand appreciation will help offset the elevated fertilizer prices in some categories.
- The improved supply outlook for KCL poses downside risk to prices.
- Uncertainty regarding the impact of the heightened US tariff war poses downside risk to prices given its deleterious effect on global economic growth.
- While raw input costs remain elevated near term, expectations are for a moderation later in the year on supply rebound.
- The subdued medium to long term price outlook for international crude oil prices bodes well for the sector in terms of lowering the cost of oil derivatives such as fuel and agrochemicals.

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