

What's Ahead for Fertilizer Pricing & Supply?

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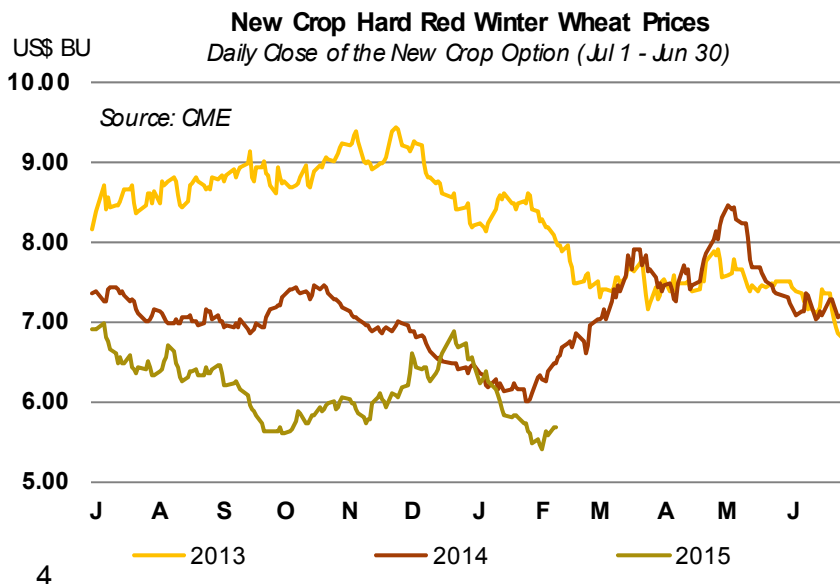
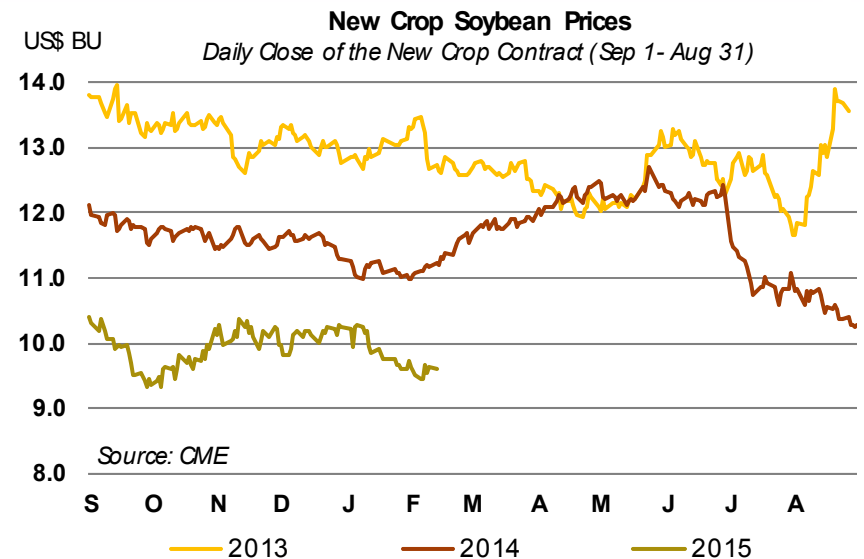
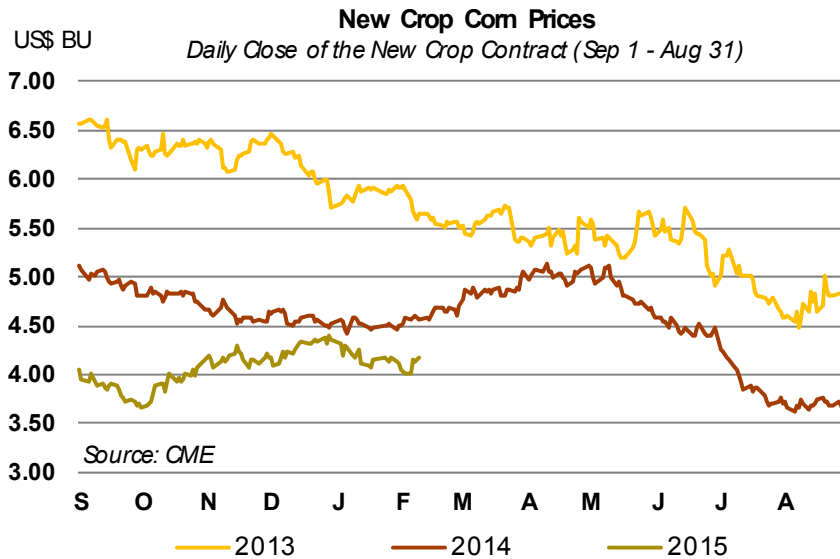
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The background is a solid teal color with subtle, wavy, lighter teal patterns that create a sense of depth and movement. The text is centered and rendered in a clean, white, sans-serif font.

Setting the Stage: Agricultural Commodity Outlook

Crop prices trending lower following the harvest rally



■ 2015 new crop corn

- Still trading in the \$4.00-\$4.20 channel but concerns about demand prospects mainly due to the strong dollar

■ 2015 new crop soybeans

- Outstanding demand so far but worries about a record South American crop and a strong dollar

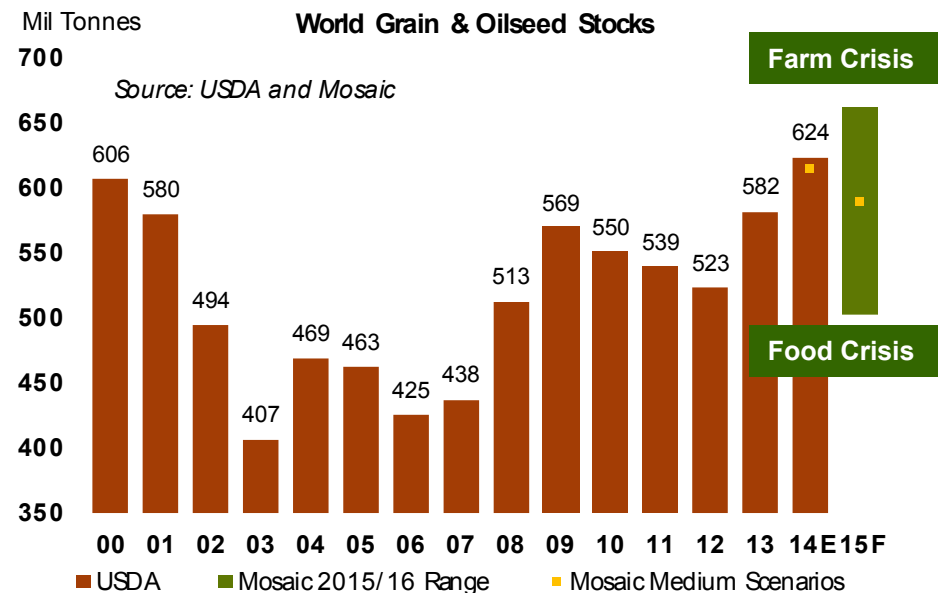
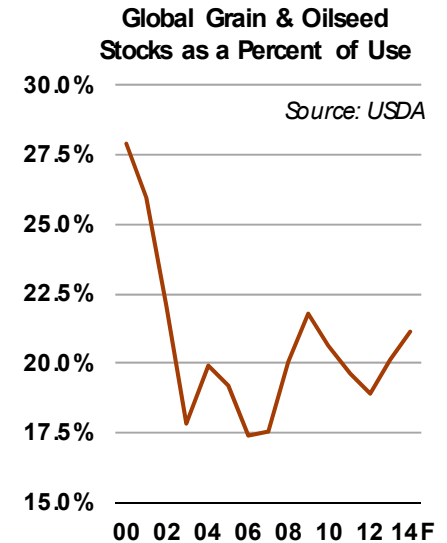
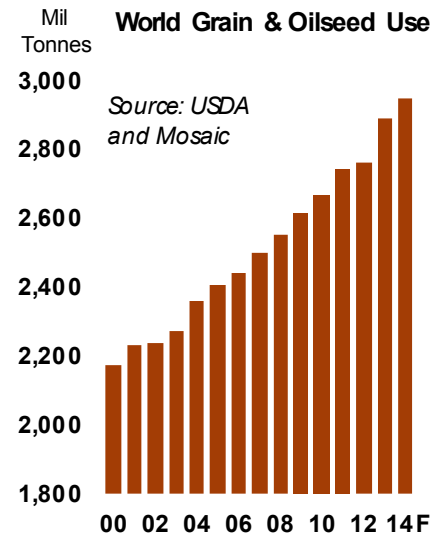
■ 2015 new crop wheat

- Strong rally driven by fears of Russian export restrictions and cold temps earlier this winter in the U.S.
- However, the strong dollar and improved weather have the bears besting the bulls since late last year

The demand-pull story

- Record demand keeping stocks as a % of use low
- Profitable livestock economics and strong feed demand
- U.S. exports, especially soybean sales, off to a fast start
- Don't worry about biofuels just yet
 - U.S. refining and distribution system calibrated to E10
 - U.S. RFS under pressure but likely will stay in place
- Long-term food story still intact

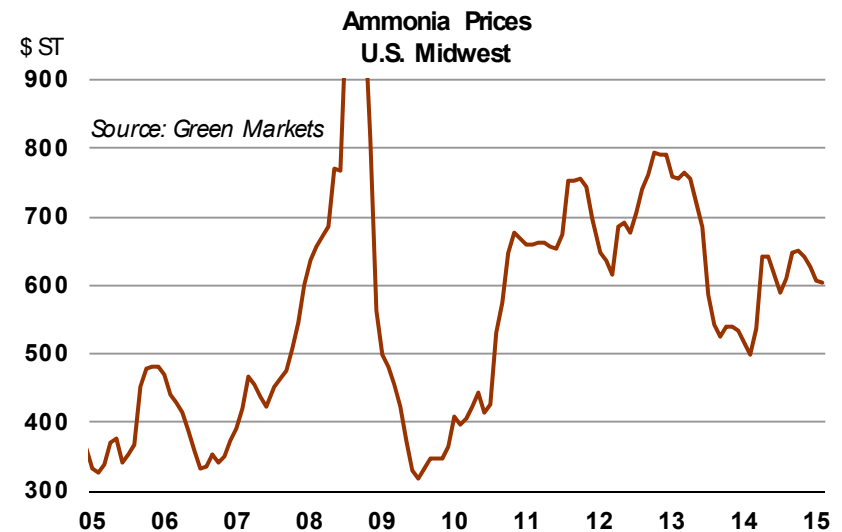
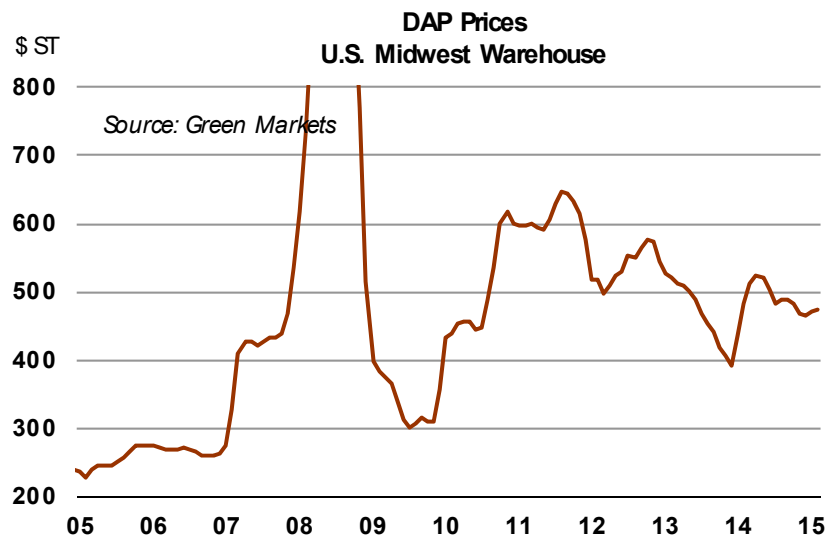
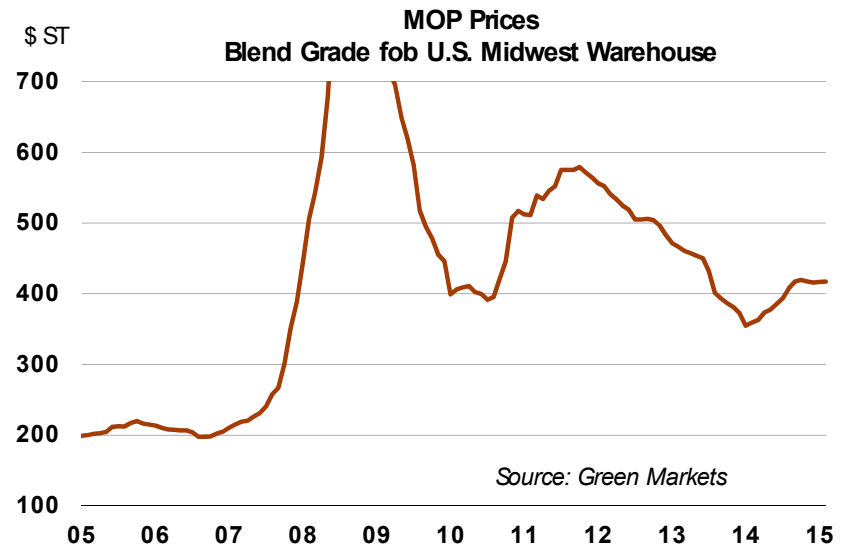
- **Wide range of potential outcomes in '15/16**
 - Trend use + trend yield = stock drawdown



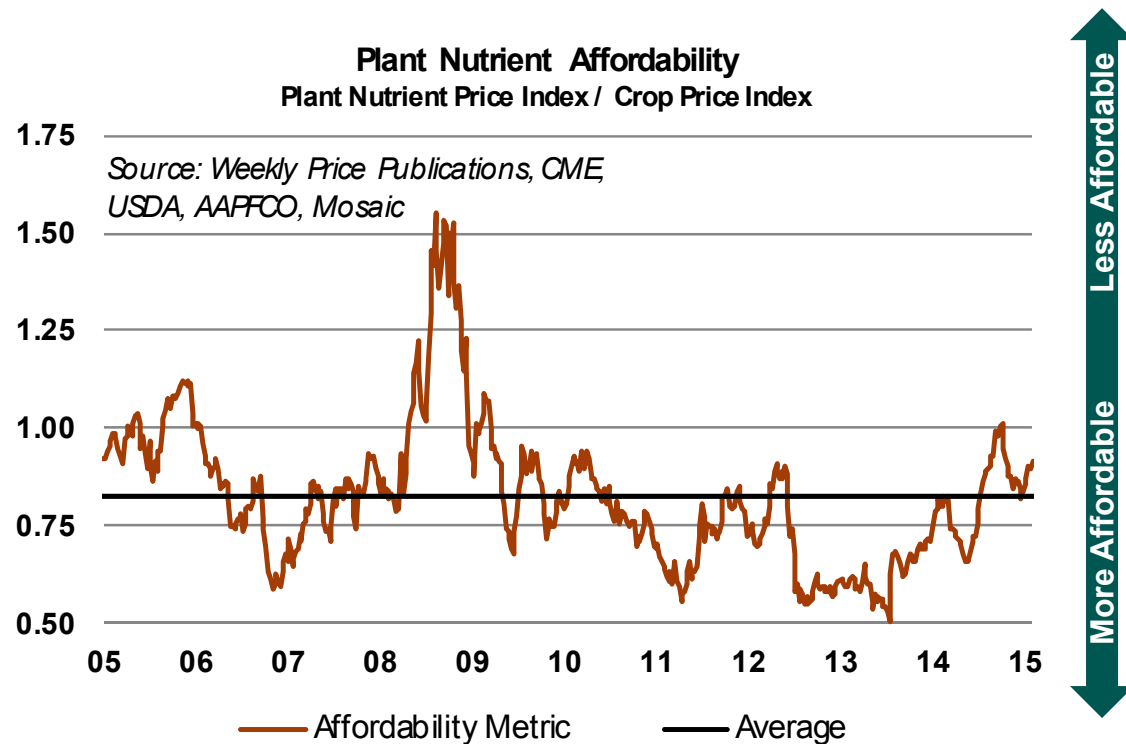
P&K prices steady to firming in late 2014 and Q1

Price drivers today

- Continued positive demand outlook
 - Banking on a rebound in India
- A few supply changes and uncertainties
 - Closure of MissPhos facility
 - Flooding of Solikamsk-2 potash mine
 - Record China nitrogen and phosphate exports
- Volatile phosphate raw material costs
 - Ammonia prices moving lower for now
 - Sulphur prices remain stubbornly high

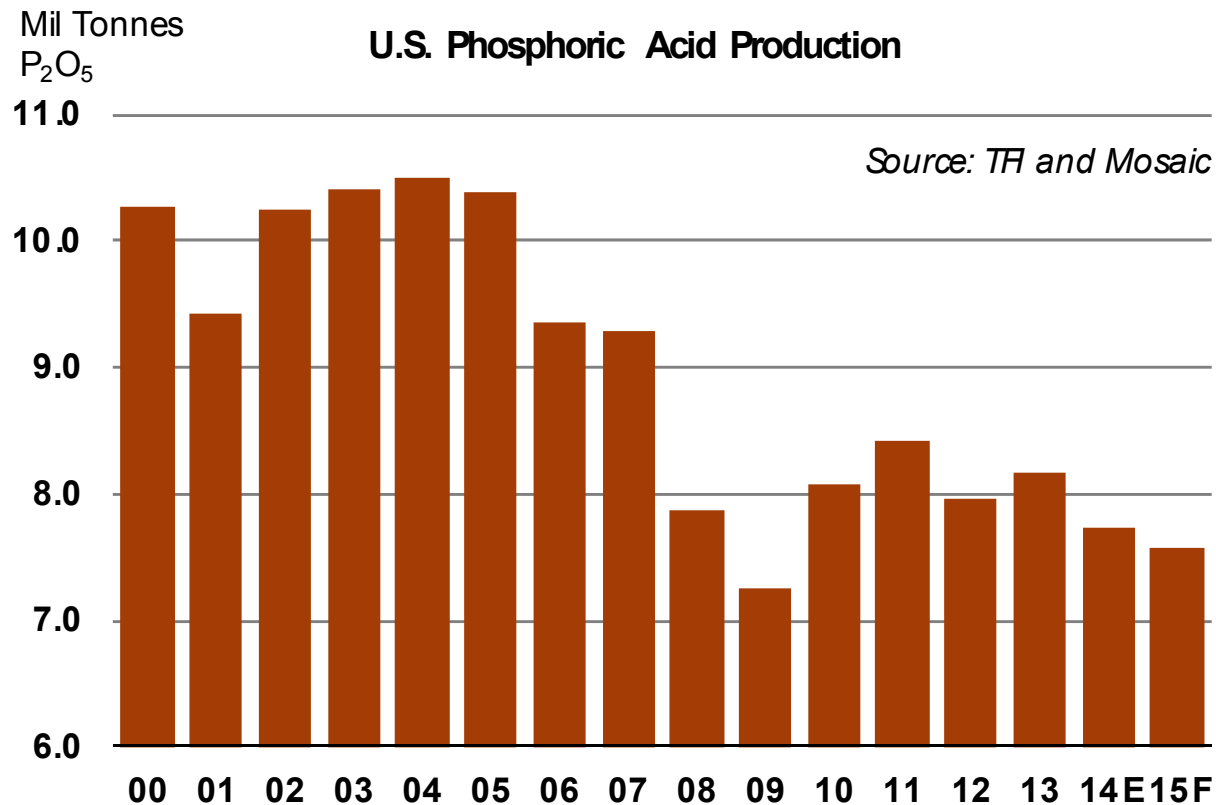


But plant nutrients remain affordable, especially since the harvest rally in key crop prices



The Phosphate Outlook

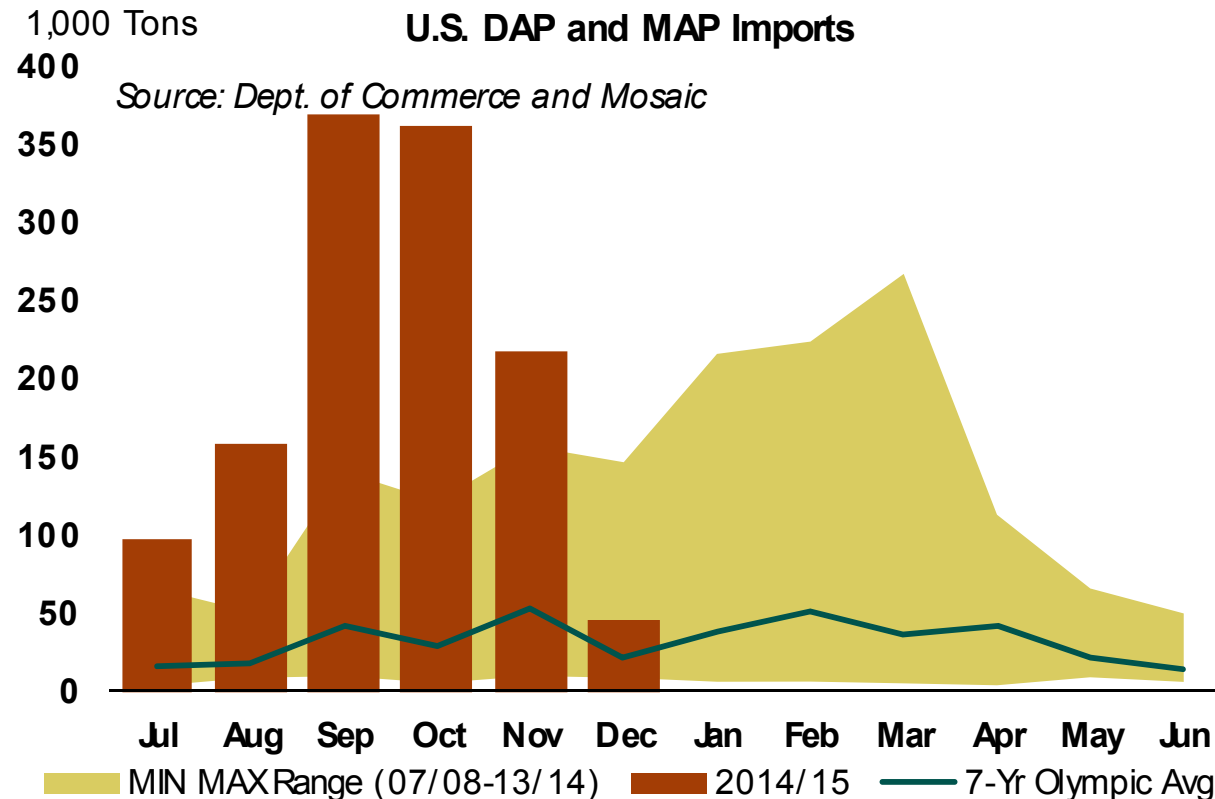
In North America: consolidation, supply changes tightening the market...



- More than 1.0 million tonnes of U.S. finished phosphate capacity either closed permanently or shut down in 2014:
 - PotashCorp closed permanently its Suwannee River complex at mid-year (equivalent of 415,000 tonnes MAP)
 - MissPhos in bankruptcy and ceased production in December (~600,000 tonnes annual DAP/MAP production)



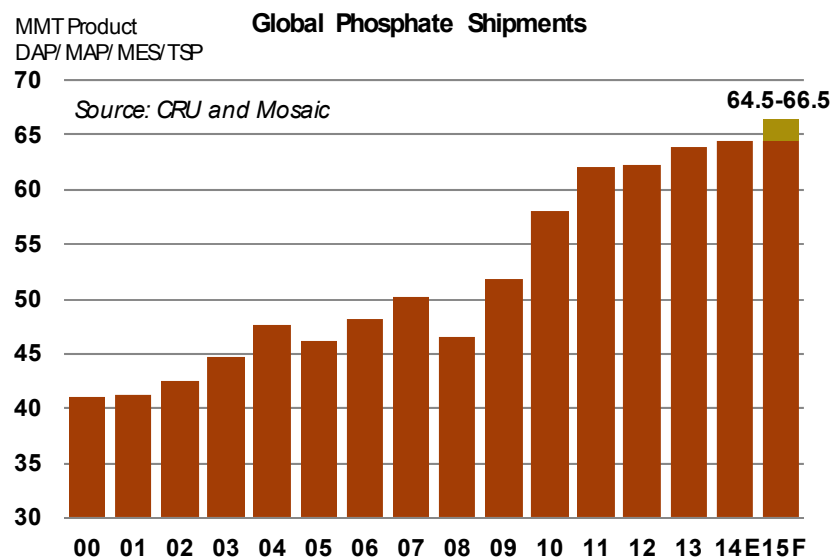
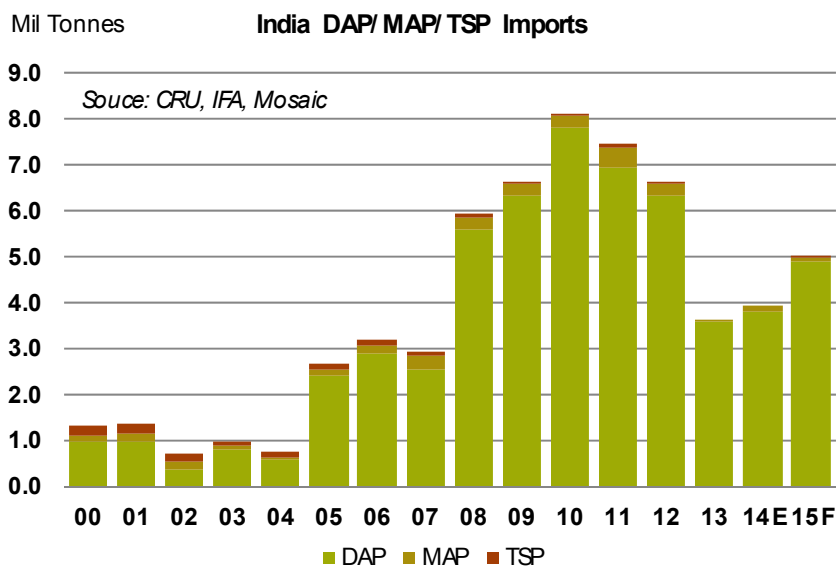
...leading to greater imports



- Offsetting lower U.S. output, imports through 1H of the fertilizer year have been record-setting
- Jul-Dec DAP/MAP imports of 1.25 million tonnes more than triple the same period last year
- **Higher import requirements mean international events have an even greater impact on the U.S. market**



The big swing factors in the global market: India's import appetite and China export volumes

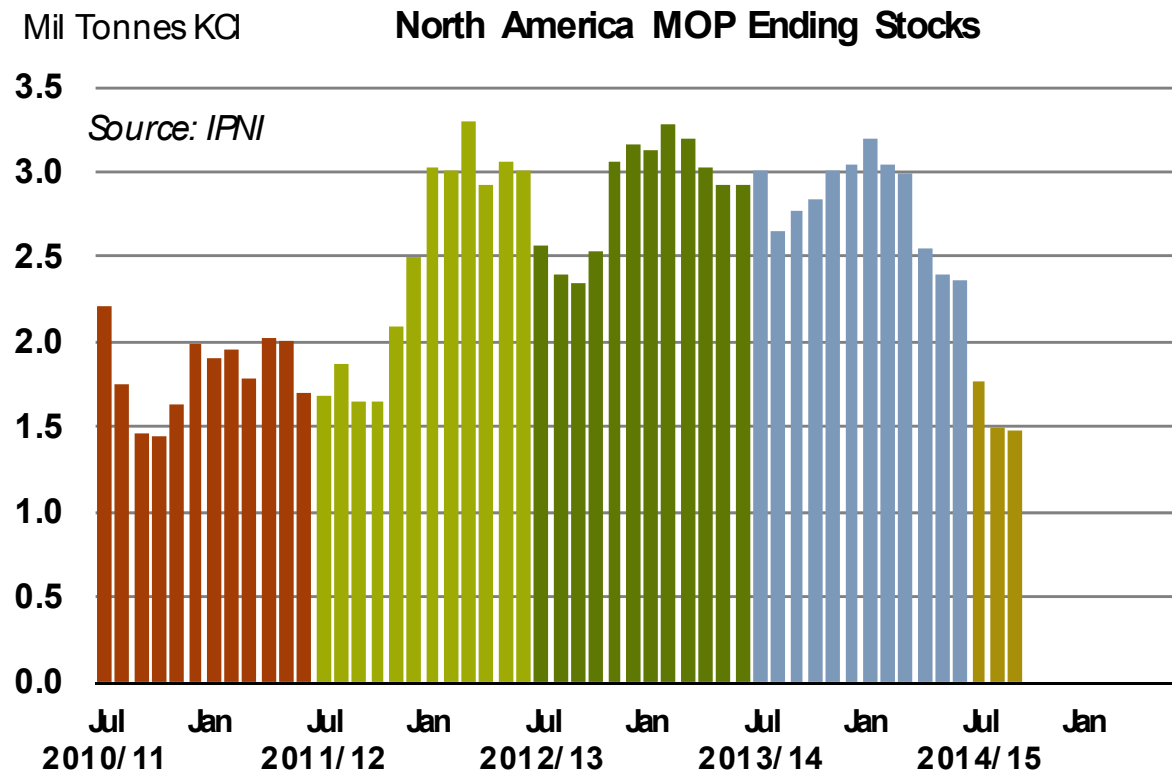


- India expected to account for two-thirds of the projected increase in global shipments this year
 - Farm economics remain profitable; the distribution channel looks bone dry; windfall from lower oil prices
- China exported record phosphate in 2014. Will it continue with a new flat rate tax?
- After record Brazilian imports in 2014, this year also looks constructive
 - Though shipments look to taper on lower crop prices

- First-half 2015 North American demand prospects look solid
 - OK farm economics and ongoing concern about transportation delays
 - Second-half demand will hinge on the size of the 2015 harvest and the level of crop prices
 - Mostly steady application rates (i.e. no large drop off)
- **Global shipments are forecast to post a another gain in 2015**
 - Shipments are projected to climb to a spot estimate of 65.6 million tonnes this year from 64.4 in 2014

The Potash Outlook

To meet record global demand, producer cupboards were pulled low (if not bare) in North America



Record shattering global shipments in 2014

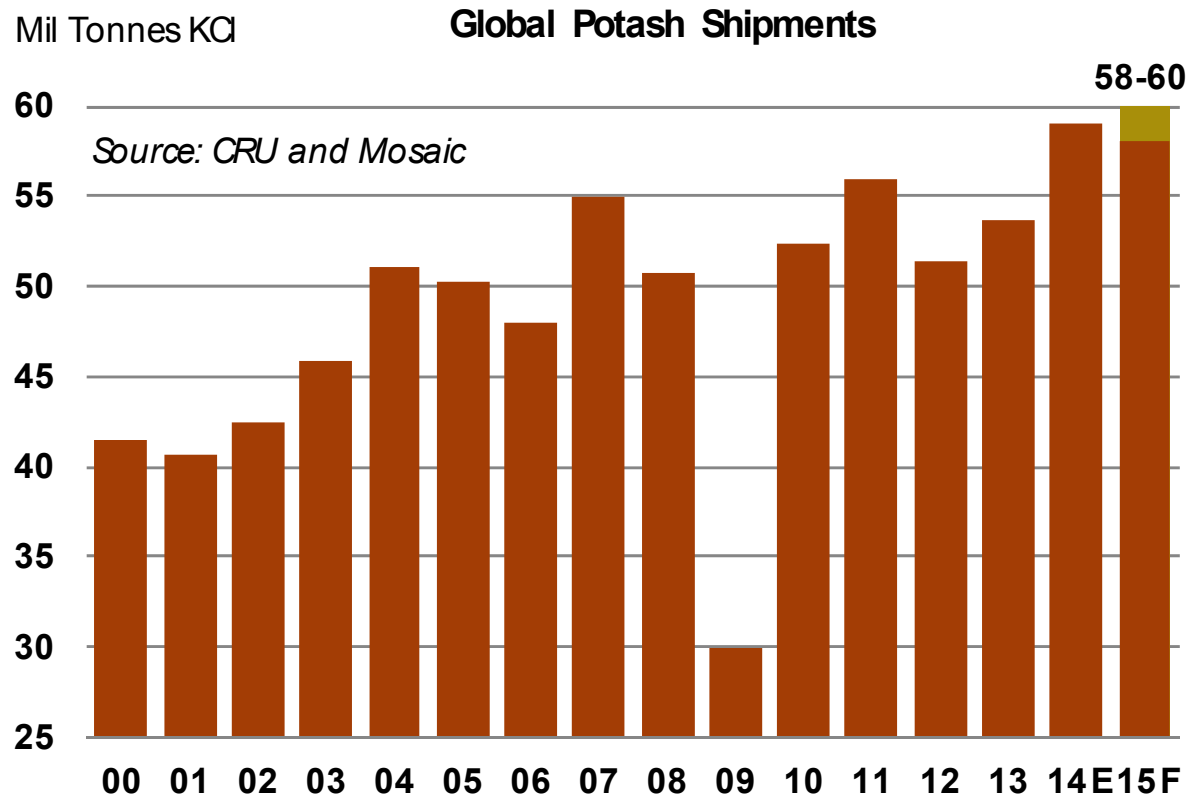
- Moderate prices, profitable farm economics, better nutrient balance
- In North America, producers relied on large inventories to meet the 2014 surge in demand
 - North American demand last year was the highest since 2007
 - When combined with lower output, producer inventories plunged 1.7 million tonnes between Jan 31 and Sep 30

Russia / Belarus production jumped in 2014, but unlikely to be repeated in 2015



- FSU producers ratcheted up production by 5 million tonnes (from 17 to 22 million) to meet the surge in demand last year
- The production gains were aided by devaluing currencies
 - Russian granular MOP export prices (in local currency) have more than doubled in the past 6 months
- FSU production uncertainties this year
 - Potential loss of Uralkali's Solikamsk 2 mine (~2.5 million tonnes or 3% of global capacity)
 - Mines likely in need of maintenance turnarounds after record output in 2014

Global shipments to stay elevated in 2015



▪ Broadly flat global shipments in 2015

- Flat to small declines in the Americas and China will be offset by further gains in Indonesia, Malaysia and India
- **First-half demand** prospects look solid: Underpinned by the harvest rally for key crop prices
- But **second-half demand** will hinge on the size of the 2015 harvest and the level of 2016 crop prices

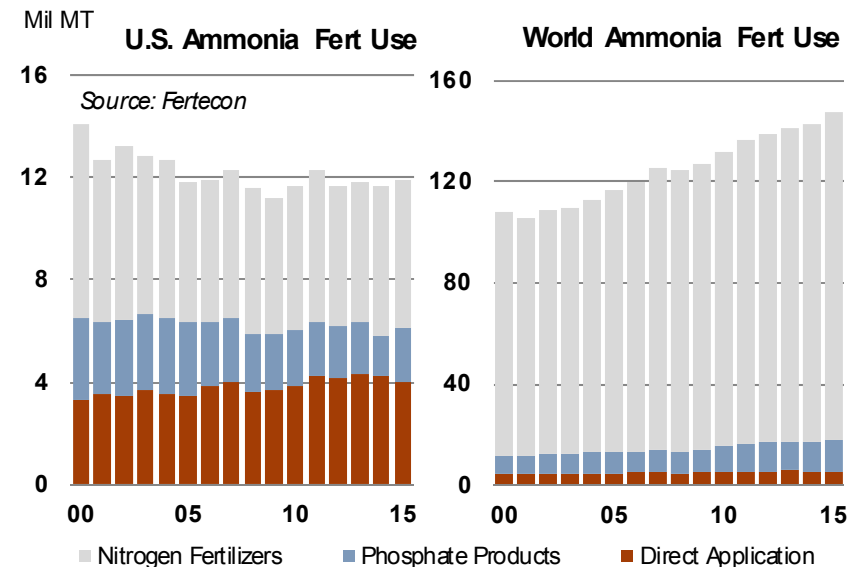
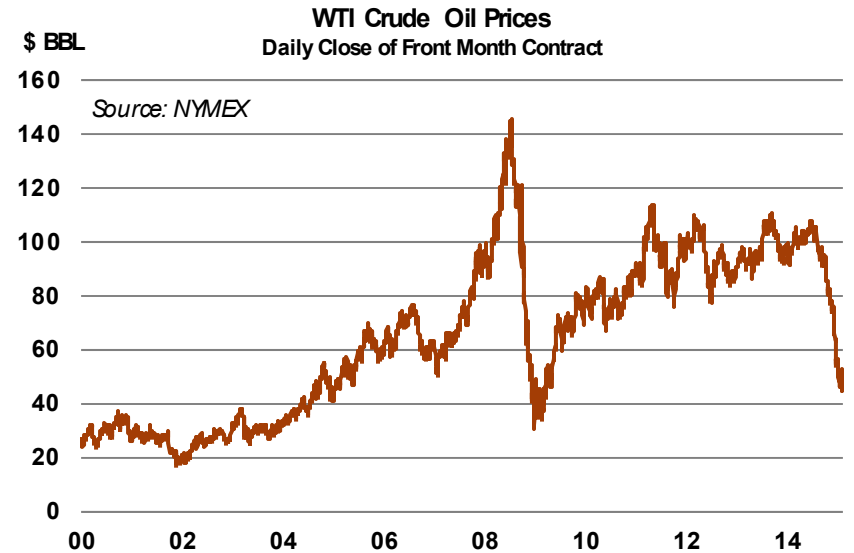


The Nitrogen Outlook

Lower oil prices impact energy intensive nitrogen

- A collapse in oil prices continues to exert pressure on ammonia pricing, after closing 2014 on a bearish note
 - Poor North American fall application season
 - Lower North American natural gas prices
 - Some European natural gas prices tied to oil prices
 - Additional supply availability out of the Black Sea and Middle East
 - Rare exports out of the U.S. highlight recent (but likely short-lived) glut of domestic supply

- The key drivers in 2015:
 - Fewer production disruptions this year
 - Increased spot availability out of the U.S. Gulf and Caribbean
 - But sanctions still in place on some Russian exports, and Ukrainian production remains a wildcard
 - Can record urea exports from China continue?



Summary

Nice charts, but what are the takeaways for 2015?

■ Global markets

- U.S. represents ~10% of global fertilizer demand
- Corn and soybeans account for just 20% of fertilizer consumption
- Events half a world away (Russian sinkholes, Moroccan ocean swells) can cause a price run-up or collapse

■ Logistics in better shape this year

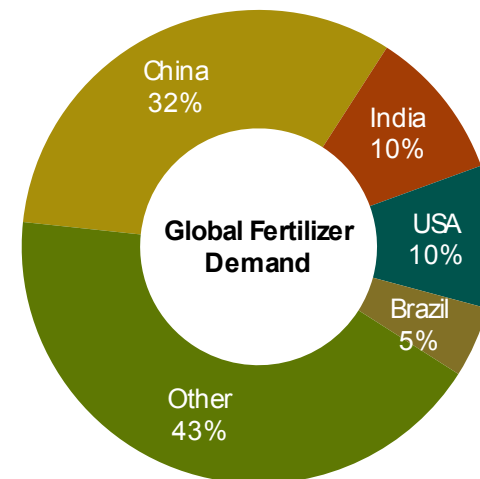
- Strong close to 2014 and good start to 2015 buying
- Much of that has been able to be placed with this winter's moderate weather
- Fewer oil shipments may ease some rail pressure
- But 5% rail demand growth vs. 2% supply growth makes this an ongoing challenge

■ Much uncertainty for the 2nd half of 2015

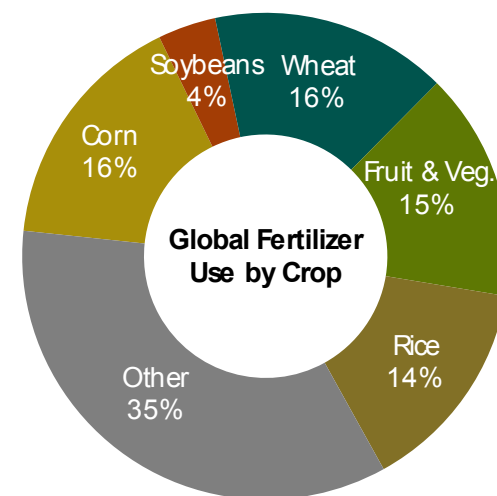
- What will happen to crop prices?
- How big will Brazil's crop be?
- How many acres will farmers plant?

■ Fertilizer supply / demand balance

- Global demand expected at or near records again in 2015
- Significant nutrient removal from two consecutive massive crops
- Supply disruptions are offsetting new capacity being commissioned
- Fertilizer company investments continuing but at a high cost



Source: CRU, Fertecon, Mosaic
Nitrogen, Phosphate and Potash Fertilizers



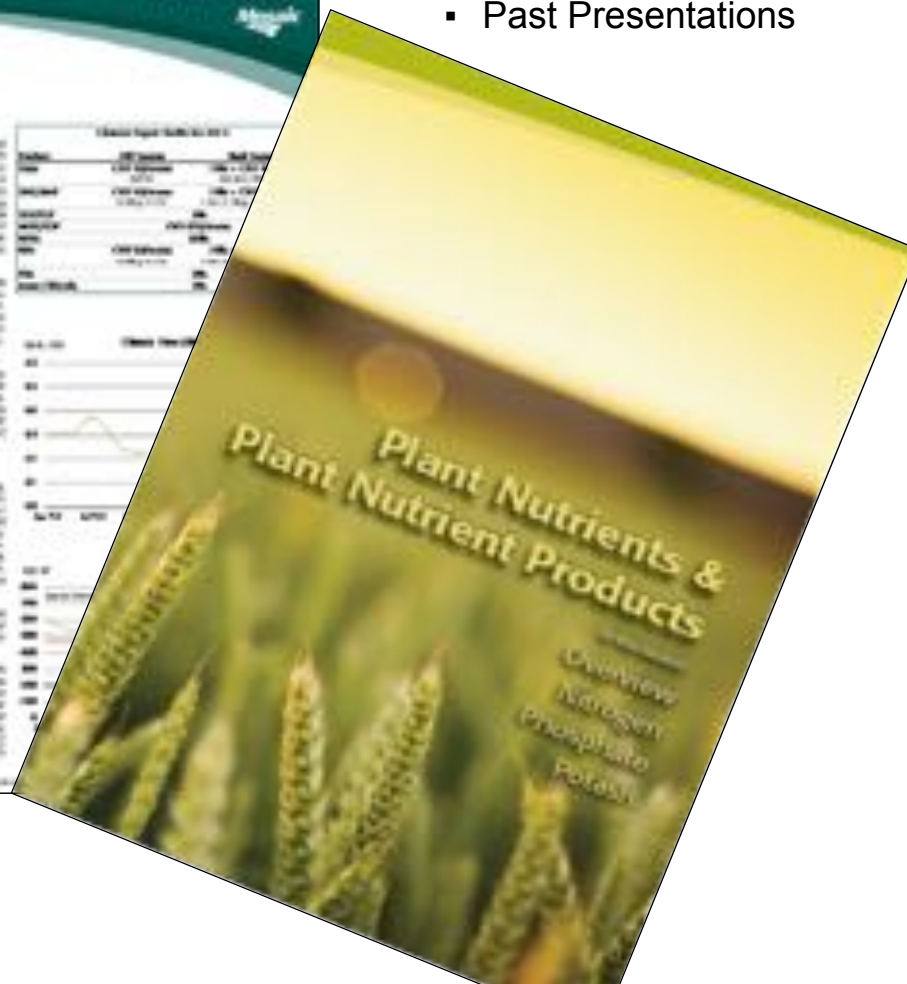
Source: IFA



Look for much more insight and analysis on the Mosaic website

- Mosaic Stakeholder Handbook
- Market Mosaic

- Market Alerts
- Past Presentations



http://www.mosaicco.com/resources/market_analysis.htm



Thank You

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