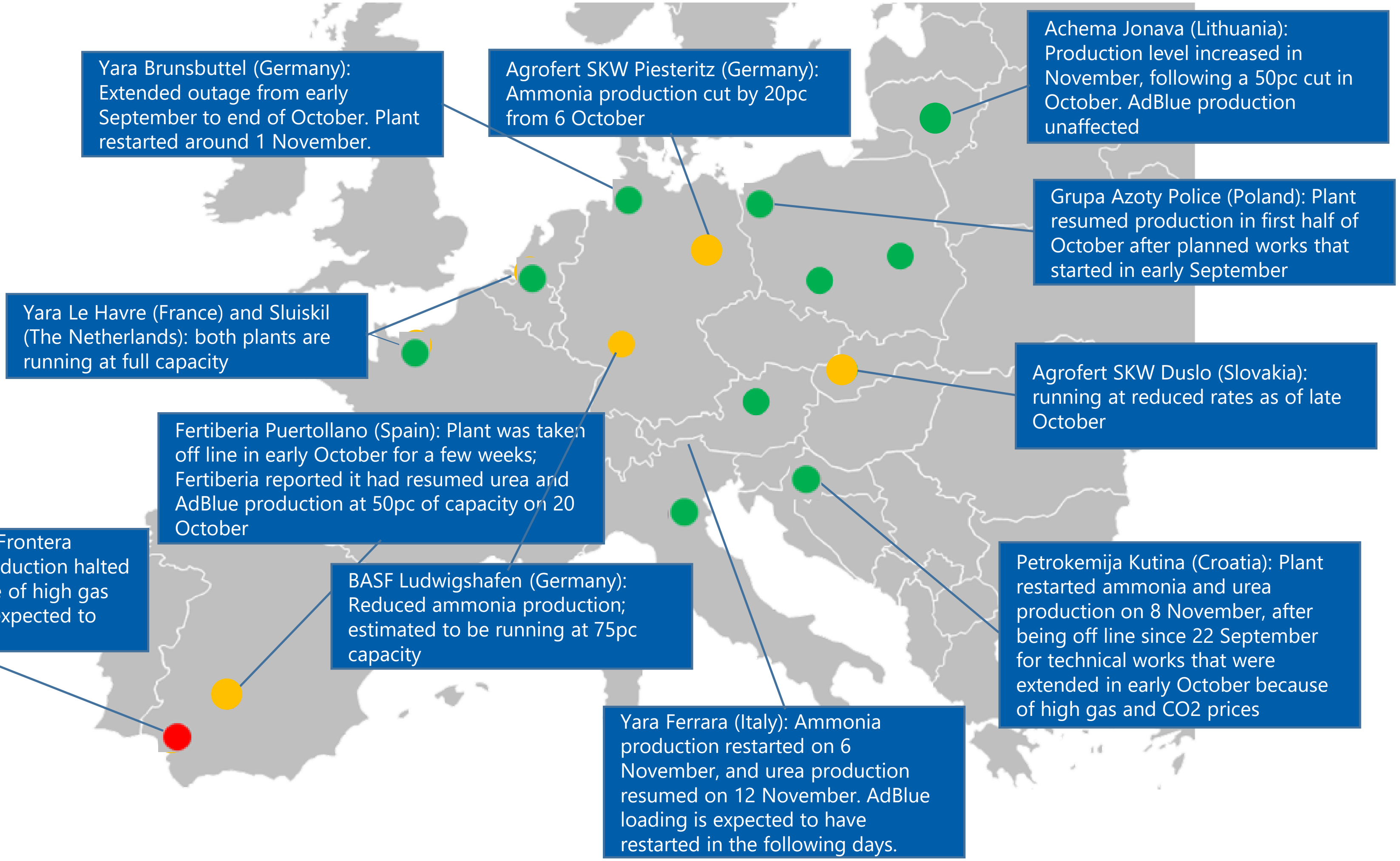
Argus *AdBlue® and DEF Monitor*

Issue 21-32 | Wednesday 17 November 2021

Wave of shutdowns in Europe amid soaring gas prices

Dramatic increases natural gas prices (see AGU pricing section) led to a wave of shutdowns at urea sites across Europe, some of which have affected AGU production. The map opposite shows the status of these sites at the time of publication, to the best of our knowledge. Urea plants not currently producing AGU or AdBlue are not mapped.

There have been signs of European production returning to the market, as downstream prices adjust to make room for some profit. Yara restarted urea production in Brunsbuttel, Germany in late October after a six-week closure, and its Ferrara plant in Italy in mid-November.



No disruption announced

Some disruption to supply

Limited or no AGU or AdBlue supply

Please note: The information displayed here is correct to our knowledge on 17 Nov 2021, and may be subject to change.

NORTH AMERICA

DEF consumption over 100mn USG in October

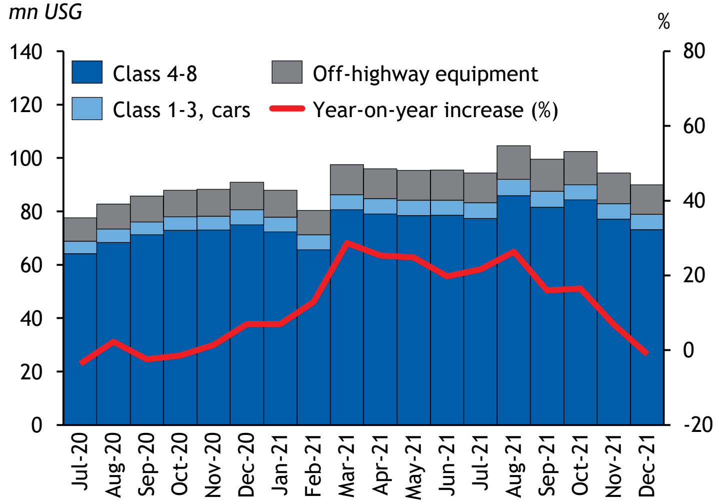
Based on recent truck sales, diesel consumption and freight activity data, we expect DEF demand in North America to have hit 100mn USG in August and October, confirming year-on-year growth results of around 20pc during most months this year.

We expect demand to remain above 90mn USG in November and December but to decline slightly on October levels. These volumes will be revised next month once truck tonnage and diesel demand data are updated.

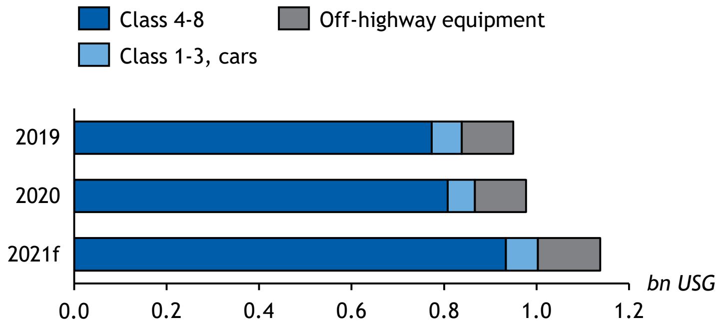
2021 DEF consumption up by 16pc

Our estimate for 2021 DEF demand in North America increased to 1.138bn USG – a 16pc increase over 2020 demand. This is up by 1 percentage point over our previous estimate of 1.123bn USG, reflecting increased freight activity and truck tonnage since August.

Monthly DEF consumption estimate



Annual DEF consumption estimate



DEF consumption by US state/Canadian province

mn USG/yr

US	2020	2021f	US (cont.)	2020	2021f
Texas	119	138	Iowa	16	18
California	103	119	South Carolina	15	17
Florida	35	41	Kansas	15	17
Illinois	31	36	Other US	217	253
Ohio	30	35	**US Total**	**908**	**1,055**
Pennsylvania	30	35	**Canada**		
Georgia	27	32	Ontario	22	25
Louisiana	25	28	Quebec	13	15
New York	24	28	Alberta	13	15
Indiana	24	28	British Columbia	7	8
Oklahoma	23	27	Saskatchewan	5	6
North Carolina	22	25	Manitoba	3	4
Virginia	22	25	New Brunswick	2	2
Tennessee	21	25	Nova Scotia	2	2
Washington	19	23	Newfoundland and Labrador	1	2
Missouri	19	22	Northwest Territories	1	1
Michigan	19	22	Prince Edward Island	1	1
New Jersey	18	22	Yukon	1	1
Arizona	18	21	**Canada Total**	**69**	**81**
Wisconsin	16	19	**North America Total**	**977**	**1,138**

NORTH AMERICA

Class 4-8 truck sales increase on the month

Sales of Class 4-8 medium and heavy-duty trucks increased by 3pc between September and October, continuing a mild upward trajectory, which was capped by the global microchip shortage that has been impacting light and heavy vehicle inventories. The US and Canadian markets have posted similar trends, with a 4pc month-on-month growth in the US, and a 1pc increase in Canada. Class 8 had a slightly better result than the lighter classes in both countries, with sales rising by 4pc in the US and by 3pc in Canada.

But the supply limitations are leading to year-on-year declines. US Class 4-8 truck sales in October were 5pc lower than in October 2020, with Class 8 truck sales down by 1pc. Canadian truck sales dropped more sharply, with a 21pc decline against October 2020, although Class 8 trucks increased by 3pc over the period.

Class 8 orders, a preliminary indication of truck sales in future months, hovered around the historical average in September and October, at around 22,000 units according to Act Research. Backlogs stretching until the second half of next year suggests truck manufacturers are being cautious in taking new orders.

Light vehicle sales still lagging

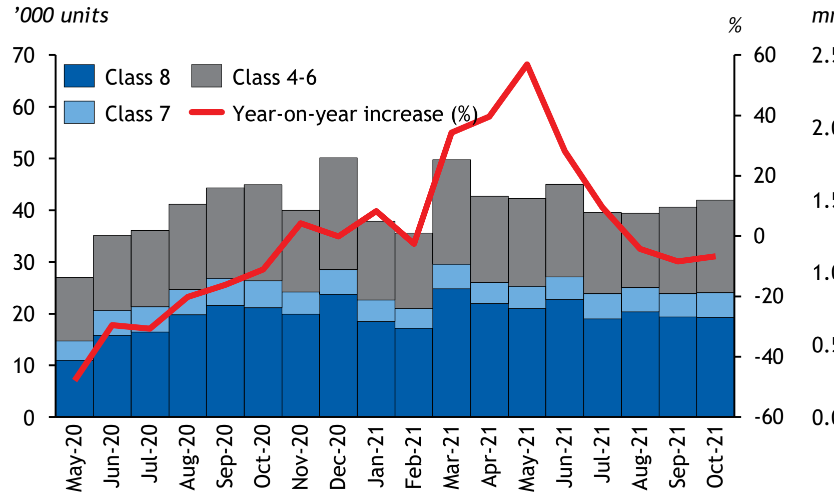
North American light vehicle sales have also been impacted by the shortage in microchip supply, and fell by 6pc on the month in October and 22pc on the year.

Sales of 1-3 light trucks (the main segment with SCR-equipped diesel models) increased by 6pc on the month in the US, but fell by 7pc in Canada, while sales of passenger cars declined in both countries.

SCR-equipped vehicle fleet growing 9pc this year

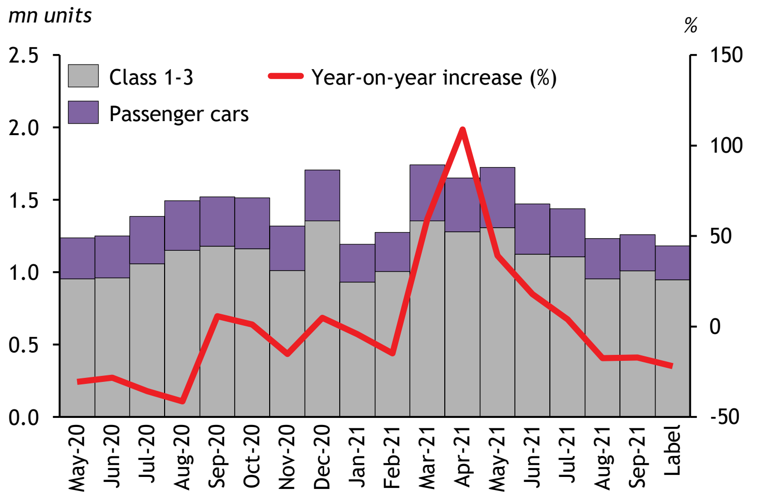
With vehicle sales within expectations, growth rates for the SCR-equipped vehicle fleet have remained unchanged. We estimate the overall fleet increased by 9pc on the year in October, with the Class 8 fleet growing by a similar rate. Other segments are also showing growth rates of 8-12pc, except passenger cars where we expect the fleet to have shrunk by 3pc over the same period.

Class 4-8 truck sales (>14,000lb /6.4t GVW)



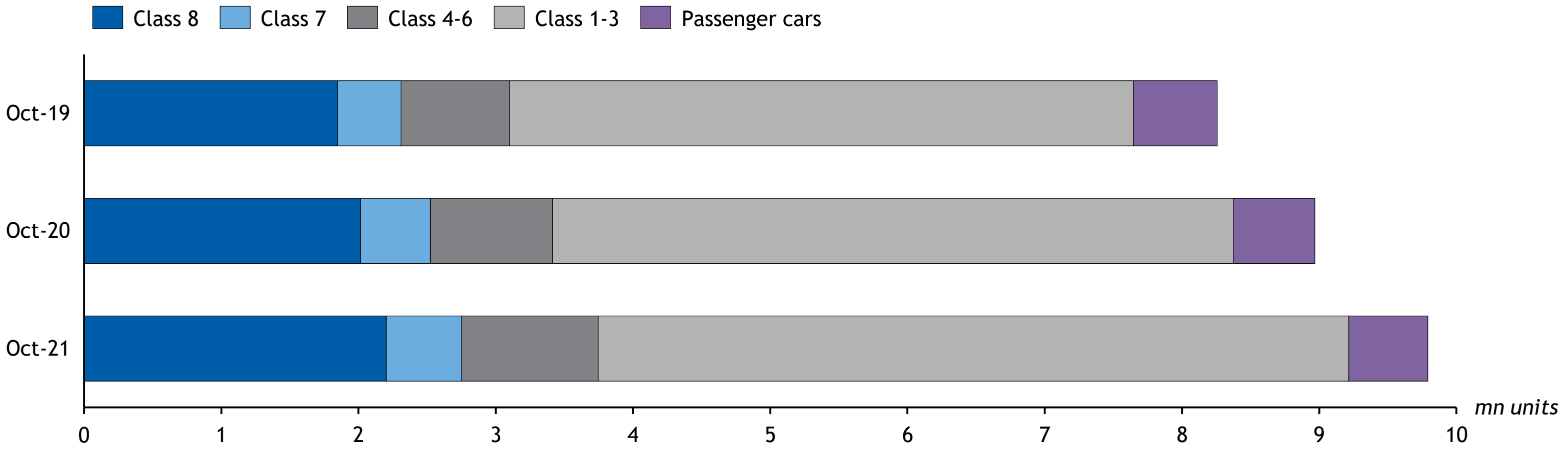
— Wards Intelligence

Light vehicle sales (<14,000lb /6.4t GVW)



— Wards Intelligence

SCR-equipped vehicle fleet



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01 Dec	Europe
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