

## GLOBAL COMMENTARY

### EUROPE

European AdBlue prices were steady this week but market participants expect price increases on 1 July. Buyers expect moderate price increases, which will be lower than the percentage increase in gas prices, as AdBlue supply is relatively strong and demand is rather weak.

#### Italy

##### Yara Ferrara repair works continue

The Yara Ferrara plant remains offline according to company sources and there is no clear date yet on when the facility will restart with repair work still in progress. Work started on the plant on 8 June following a leak in the ammonia plant and AdBlue loading has been paused ever since. The plant has a capacity of 215,000t/yr.

#### Central Europe

The last 2-3 months have seen increased amounts of Polish and Austrian AdBlue entering the Bulgarian market as well as Lithuanian product, sent via trucks or IBCs from regional nitrogen producers and priced competitively versus locally produced material. Market participants had anticipated that AGU prices would drop due to a weak nitrogen market but this week's spike in urea prices globally could mean prices flatten out and then possibly rise.

## PRICE SUMMARY

Price summary					
	Jun*	24 Jun	17 Jun	10 Jun	1 Jun
<b>Germany - AdBlue® bulk</b> €/100l					
fot North	45.61	45.61	45.61	45.61	45.61
week/month change	-3.68	nc	nc	nc	-1.15
fot South	48.15	48.15	48.15	48.15	48.15
week/month change	-4.23	nc	nc	nc	-3.15
fot Germany	46.88	46.88	46.88	46.88	46.88
week/month change	-3.96	nc	nc	nc	-2.15
<b>US - DEF bulk</b> €/USG					
fot Atlanta	150.50	148-153	148-153	148-153	148-153
week/month change	-27.00	nc	nc	nc	-27.00
fot Chicago	145.00	143-147	143-147	143-147	143-147
week/month change	-27.00	nc	nc	nc	-27.00
fot Dallas	141.00	141-141	141-141	141-141	141-141
week/month change	-27.00	nc	nc	nc	-27.00
fot Denver	147.50	147-148	147-148	147-148	147-148
week/month change	-27.00	nc	nc	nc	-27.00
fot Los Angeles	170.00	160-180	160-180	160-180	160-180
week/month change	-25.00	nc	nc	nc	-25.00
fot Philadelphia	158.50	154-163	154-163	154-163	154-163
week/month change	-27.00	nc	nc	nc	-27.00
	Jun*	23 Jun	16 Jun	9 Jun	2 Jun
<b>Granular urea</b> \$/st					
fob Nola	487.50	465-515	410-470	465-515	510-550
month change \$/st	-134.13				
month change, €/USG	-19.81				

\* Averages are month to date until last week of current month

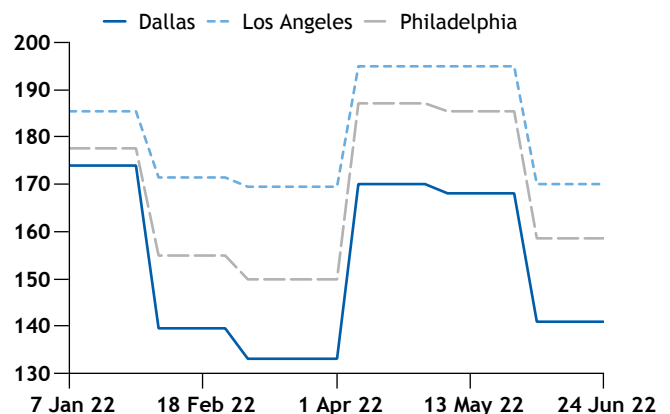
download data on [Argus direct](#)

## DATA & DOWNLOAD INDEX

- Global DEF producers
- Global AGU producers
- Brazil - ARLA 32 demand
- Europe - AdBlue demand
- India - AdBlue demand
- North America - DEF demand

### Weekly spot price comparison

€/USG



## GLOBAL COMMENTARY

### NORTH AMERICA

US sources had expected a 20¢/USG decrease in July bulk DEF prices due to a sustained weakness in the upstream urea market. However, the sudden reversal in US urea prices (see below) has led some to question the size of the potential decrease.

Suppliers continue to point to high operational costs including the cost of diesel fuel and the lack of IBCs and even drivers. The challenge for distributors is higher-priced inventories still in the supply chain that have yet to work their way through the system.

Railcar capacity constraints are starting to have some effect on the market, particularly in the Midwest, delaying some shipments by a few weeks, but the view is that this is not having a significant impact on the market as yet and some expect fourth-quarter rail car supplies to even possibly improve.

#### Nola downward trend reverses on gas crisis

Urea prices rose globally essentially on the natural gas crisis in Europe with Egyptian fob levels the largest beneficiaries, rising \$100/t in a week.

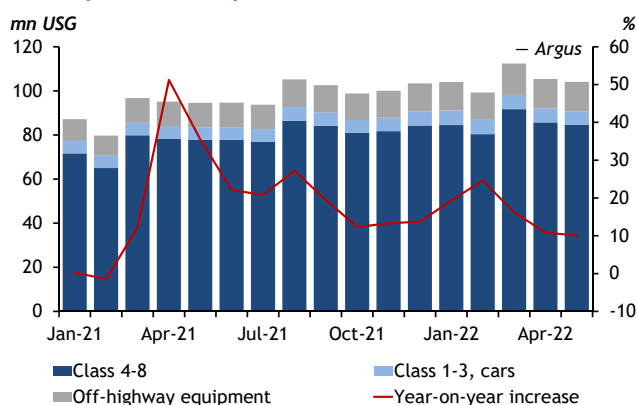
US prices also turned a corner, climbing by \$50/st on sustained export demand, bullishness about the international market and some limited third-quarter domestic demand. Nevertheless, Nola remains one of the lowest cost options to source from worldwide and one of the lowest-priced destination markets. This is enabling suppliers to re-export to more lucrative markets such as Latin America. Re-exports should help draw down inventories after a very average spring application season, potentially providing a little more price stability during a traditionally seasonally quiet period. Barges for June delivery traded at \$465/st fob Nola last Friday, with one lot for July loading closing at \$472.50/st fob Nola. Prices for July and forward then moved higher, trading back above \$500/st fob Nola and reversing five-week period of decline. Prices peaked at \$515/st fob Nola for July and offers at higher levels saw little interest. Volumes for forward delivery though, continued to trade higher with September barges sold up to \$560/st fob Nola and ranging \$535-560/st fob Nola for the week.

## FUNDAMENTALS - DEF DEMAND

### N American DEF demand at 104mn USG/mo in May and June

Argus estimates that DEF consumption in the US and Canada will have been 104mn USG in June 2022, flat on May 2022 consumption and up by 10pc over June 2021 volumes. Indicators of market activity remain strong despite some weakness in vehicle sales. Truck tonnage indicators remain elevated above 2021 levels, and ultra-low sulphur diesel consumption was consistently above year-ago levels in the first quarter of this year.

#### Monthly DEF consumption



#### Commercial vehicle sales weak yoy but May stronger

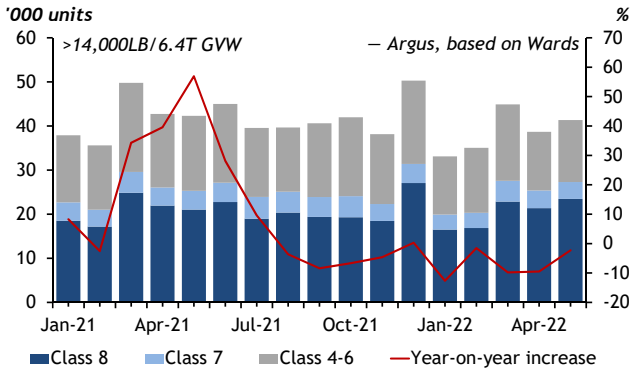
Commercial vehicle sales in the US and Canada rose on the month to 41,000 units in May, up by 7pc over April levels. But volumes were down on the year by 2pc, continuing a trend of sales declines on the year that has been consistent since January 2022, and comes amid a regime of economic uncertainty, high inflation, and rising interest rates, exacerbating the existing global microchip shortage that has plagued the automotive industry for over a year. Class 8 sales were almost 23,500 units in May, Class 7 sales were 3,800, and Class 4-6 volumes were 14,000 units.

Light vehicle sales had an even worse month in May, with combined passenger car and Class 1-3 truck volumes of 1.26mn units, down by 8pc from April 2022 and by 27pc from May 2021. The macroeconomic factors and part shortages that have impacted trucks have also hit light vehicles - perhaps more so. And consumer confidence remains low. Inventory is still low overall and this is keeping sales well below demand. May sales of Class 1-3 trucks was 990,000 units and for passenger cars the figure was 270,000.

But despite current sales weakness, the SCR-equipped vehicle fleet continues to grow. We estimate this stood at

10.1mn units in May 2022 (excluding off-highway equipment), with Class 8 trucks accounting for 2.3mn units, Class 7 trucks for 570,000 units, Class 4-6 1.0mn units, Class 1-3 5.6mn units and passenger cars 560,000 units. This supports growth in North American DEF consumption.

Commercial vehicle sales



# Argus DEF Forum North America

September 14-15, 2022 | Monterey, California

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Argus AdBlue® and DEF is published by Argus Media group

**Registered office**  
Lacon House, 84 Theobald's Road,  
London, WC1X 8NL  
Tel: +44 20 7780 4200

ISSN: 2634-0224

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**Publisher**  
Adrian Binks

**Chief operating officer**  
Matthew Burkley

**Global compliance officer**  
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**President, Expansion Sectors**  
Christopher Flook

**Global SVP editorial**  
Neil Fleming

**Editor in chief**  
Jim Washer

**Managing editor**  
Andrew Bonnington

**Editor**  
Alexander Wood  
Tel: +44 (0)20 8158 4778  
[alexander.wood@argusmedia.com](mailto:alexander.wood@argusmedia.com)

**Customer support and sales:**  
[support@argusmedia.com](mailto:support@argusmedia.com)  
[sales@argusmedia.com](mailto:sales@argusmedia.com)

London, Tel: +44 20 7780 4200  
Beijing, Tel: +86 10 6598 2000  
Dubai, Tel: +971 4434 5112  
Hamburg, Tel: +49 48 22 378 22-0  
Houston, Tel: +1 713 968 0000  
Kyiv, Tel: +38 (044) 298 18 08  
Moscow, Tel: +7 495 933 7571  
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New York, Tel: +1 646 376 6130  
Paris, Tel: +33 1 53 05 57 58  
San Francisco, Tel: +1 415 829 4591  
Sao Paulo, Tel: +55 11 3235 2700  
Shanghai, Tel: +86 21 6377 0159  
Singapore, Tel: +65 6496 9966  
Tokyo, Tel: +81 3 3561 1805  
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