



Incitec Pivot Limited

ABN 42 004 080 264

70 Southbank Blvd

Southbank Victoria 3006

GPO Box 1322

Melbourne Victoria 3001

T 61 3 8695 4400

F 61 3 8695 4419

www.incitecpivot.com.au

MEDIA STATEMENT - 8 MARCH 2007

High pre-season demand for fertiliser

The Australian fertiliser industry is experiencing extremely high demand for fertiliser as farmers move to take advantage of good seasonal conditions and high grain prices.

According to one fertiliser supplier, the demand for crop nutrients and agricultural chemicals reflects the positive outlook for production coupled with expectations of healthy demand and prices for farm outputs.

“Farmers and distributors are ordering fertiliser much earlier than normal to secure product availability and lock in price in the face of global increases,” said Paul Barber, Incitec Pivot’s General Manager – Australian Fertilisers.

“This unseasonally early demand for fertiliser has put pressure on the industry’s ability to meet farmers’ requirements immediately.”

The change in ordering pattern saw Incitec Pivot increase deliveries by 30-40 per cent in the five months from last October to February, compared with the same period in the lead-up to the 2007 season.

He said that despite the immediate difficulties, Incitec Pivot remained confident it could meet the longer-term demand it has forecast for the coming winter crop season. To help achieve this, the company had arranged additional fertiliser imports.

“However, this situation could be impacted by unforeseen events such as exceptional autumn rain or unexpected delays in the supply chain,” he said, adding that production and delivery of ammonium phosphate fertilisers from Phosphate Hill had already been affected by floods and raw material delays.

Incitec Pivot expects supplies of its major fertiliser products to remain tight for the time being.

“To ensure available stocks of these products are equitably distributed, we have been supplying our distribution partners in line with their previous sales history and forecasts,” Mr Barber said.

Incitec Pivot understands customers are looking for greater certainty over their volume requirements and pricing for the entire season.

However, because of the nature of Incitec Pivot’s bulk purchase contracts and the very significant movements in global prices, the company is unable to quote firm prices covering the full season.

“The precise cost is not determined until the product is loaded onto the ship at the despatch port and that is approximately three or four weeks before it is delivered into our sheds,” Mr Barber said.

Incitec Pivot expects global pressures to keep fertiliser prices high in the short-term at least.

“In the past 12 months, the international price of DAP for instance has risen 150 per cent and this upward trend is expected to continue,” he said.

Media contact:

Neville Heydon

Tel: 0408 123 160