



NEWS RELEASE

Domestic Nitrogen Fertilizer Production Set for Takeoff, Reversing Two-Decade Decline

*New CoBank Report Profiles Supply/Demand Outlook and Uncertainties
in the Nitrogen Marketplace*

DENVER (October 28, 2015) – The U.S. nitrogen fertilizer market stands at the cusp of transformative growth, as domestic producers are set to boost production in response to lower natural gas prices, according to a new CoBank research report. The reversal ends a steep, two-decade contraction in U.S. production during which three-quarters of all domestic plants closed and cheaper imports flooded into the U.S. to take their place and dominate the market.

The newly issued report, “The Evolving U.S. Nitrogen Landscape,” describes how U.S. demand for nitrogen has remained steady at about 20 million tons per year since the mid-1990s. While demand is expected to remain flat, the U.S.’s current low natural gas prices have reinvigorated the domestic nitrogen fertilizer industry. As a result, virtually all of the major U.S. players are contemplating fertilizer plant expansions or, in some cases, new greenfield projects. No new nitrogen fertilizer plant has been built in the U.S. during the past 15 years.

“The landscape of domestic nitrogen production is changing, and a substantial amount of new domestic ammonia capacity will be coming online during the next 2-3 years,” said Luke Brummel, CoBank’s industry analyst, the report’s author. “Moving forward, we’ll see structural changes occurring in the domestic nitrogen industry, including compressed margins, more consolidation, higher barriers of entry, and new risk management strategies on the part of manufacturers and distributors.”

By 2019, global production of nitrogen is anticipated to expand around 9 percent while total global nitrogen demand will increase 3 percent. This growing imbalance between demand and supply will likely strain global competitors because of higher foreign natural gas prices and shipping costs. U.S. operations will continue to be among the lowest cost producers.

The report was produced by CoBank’s Knowledge Exchange Division, which is a knowledge-sharing practice that provides strategic insights regarding the key industries served by CoBank. Knowledge Exchange draws upon the internal expertise of CoBank, deep knowledge within the Farm Credit System and boots-on-the-ground intelligence from customers and other stakeholders to enhance the collective understanding of emerging business opportunities and risks.

A full copy of the report is available to the media upon request.

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About CoBank

CoBank is a \$107 billion cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving more than 75,000 farmers, ranchers and other rural borrowers in 23 states around the country.

CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture and the nation's rural economy. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

For more information about CoBank, visit the bank's web site at www.cobank.com.

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