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Public Summary Short-Term Fertilizer Outlook 2025 – 2026

IFA Market Intelligence Service



This report is a summary of IFA's Short-Term Outlook, prepared by the Market Intelligence Service to accompany IFA's Short-Term Outlook Presentation and Data File, which are available to IFA members.

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Notes and definitions:

- ✓ Volumes in this report are expressed in product and nutrient metric tonnes. Product tonnes refer to the physical weight of the product in question while nutrient tonnes reflect the N, P₂O₅ and K₂O content of nitrogen, phosphate and potash fertilizers respectively. Data followed by N, P₂O₅ and K₂O refer to nutrient tonnes.
- ✓ The terms nitrogen, phosphate and potash are used to denote groups of nutrient-bearing fertilizers which are produced and traded globally. The terms nitrogen, phosphorous and potassium refer to the nutrients required by plants.
- ✓ Annual periods refer to the calendar year unless stated otherwise, and when FY precedes a year, it refers to the Fertilizer Year. The reference period used to report fertilizer consumption varies depending on the country. Countries report fertilizer consumption statistics in 12-month periods that start either in January or in another month.
- ✓ In this report, "fertilizer year" refers to all 12-month periods. Fertilizer year 2025/26 refers to the year starting in January 2025 for most countries in Latin America, Africa, East and Southeast Asia and Eastern Europe & Central Asia (EECA). For other regions including North America, West & Central Europe (WCE) and South Asia, 2025/26 started in Q2 or mid-2025 and will end in Q2 or mid-2026. Fertilizer years do not always match crop marketing years used to report statistics on crop area, yield and production.

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BACKDROP TO THE FERTILIZER OUTLOOK

The short-term outlook for fertilizers is set against a backdrop of geopolitical change and continued risk of global disruption. Economic forecasts became more optimistic over the course of 2025 but remain subject to policy uncertainties that could slow global growth and place further pressure on the business operating environment.

Fertilizer trade flows have been reshaped by changes to geopolitical relationships, bilateral trade partnerships and the implementation of new tariffs and sanctions packages. Major agricultural economies with fertilizer net import requirements, namely Brazil, India, Europe and the US, have grown in influence as fertilizer demand continues to recover from the affordability-driven declines of 2022 and 2023.

Political developments in the US have led to direct impacts on fertilizer markets, from President Trump's changing tariff position and recent exemption of fertilizers to support domestic farmer affordability, to the removal of US sanctions on Belarusian potash in a high-profile prisoner release in December 2025. Secondary impacts are likely to be felt from other developments in 2025, such as a soybean purchase deal between the US and China. These examples reinforce the widespread ripple effects of global diplomacy that can pass through to fertilizer markets.

SUPPLY FORECAST

Total nutrient production volumes continue upward trend

Based on IFA's short-term supply survey conducted in Q4 2025, global ammonia production is estimated to grow by 1% to 192 Mt in 2025. Urea output is expected to grow by 2% in 2025 to reach a record level of 204.1 Mt. All regions except West Asia and South Asia are expected to record higher ammonia production levels compared to 2024, notably East Asia

Elsewhere, the fertilizer supply chain remains exposed to shipping disruption such as in the Red Sea region. While the most severe impacts have been mitigated in the short-term, global trade routes remains a critical watchpoint for supply availability given the high trade exposure of fertilizer commodities.

The fertilizer industry continues to see the impact of financial pressures, from the supply chain to the farm level. On the supply side, rising CAPEX costs have implications for new capacity investment even with lower costs of borrowing since interest rates peaked in 2023. Furthermore, mixed decarbonization signals - such as delays to the IMO's Net-Zero Framework, and a bumpy start to CBAM implementation - have brought some low-carbon projects into question. Despite this, project pipelines are expected to accelerate after 2027 in response to demand growth and replacement capacity required to offset aging plants.

Farmers remain under cost pressure that extends beyond simple fertilizer affordability metrics. Factors such as credit access, subsidy regimes, crop-cycle timing, hedging practices, and local economic stresses all shape purchasing behavior. Recent years have seen increased reliance from farmers in several key markets on credit structures, delayed payment systems and relief mechanisms in times of geopolitical, economic and climate-driven stress.

(+3 Mt) and North America (+0.8 Mt), driven by significant growth in China. Output tumbled in South Asia (-1.4 Mt) owing to a series of technical difficulties in India and feedstock availability issues in Bangladesh, while regional conflict significantly impacted West Asia output (-1.5 Mt), with large declines in Iran and collateral impact on Egyptian production.

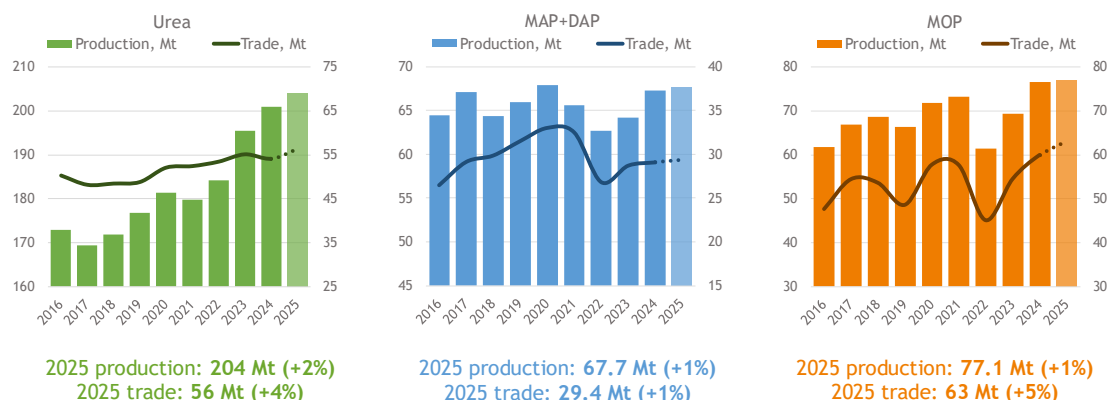
Phosphoric acid production is projected to rise by 2% to 92 Mt in 2025, reaching its highest level

in the past five years. Africa and East Asia are expected to be the main contributors to the increase, with production growth of 3% and 2% respectively. China is forecast to lead phosphoric acid output growth (+0.9 Mt), driven by stronger domestic demand - particularly for industrial applications. Morocco is also expected to record a significant increase (+0.7 Mt), supported by the realization of capacity expansions completed in 2024.

Global MAP+DAP output is forecast to rise by 1% to 68 Mt in 2025. Despite this, global MAP+DAP production is not expected to return to the previous highs of 2020.

Following a significant 10% increase in 2024, potash production growth is projected to slow in 2025. Global MOP output is forecast to rise by a modest 1% to 77 Mt in 2025, marking a record high for the second consecutive year. EECA, namely Belarus and Russia (+5% and +3% respectively) is expected to lead MOP production growth, supported by the two country's sustained ability to export despite sanctions. Laos is also projected to witness a sharp increase (+25%), despite operational challenges at production sites in H1 2025. A significant production decline is anticipated in Latin America (-1.3 Mt), particularly in Chile, where lithium production in the Atacama Desert has shown higher economic returns over potash.

2025 production and trade estimates



Largescale capacity growth confined to existing production centers in the short term

IFA's forecasts of capability (the measure of theoretical supply based on typical maximum operating rates) begin with announced capacity increases.

Ammonia capacity is forecast to increase by 4% between 2024 and 2026, reaching 203 Mt N in the short-term outlook. Nitrogen capacity growth is centered in low-cost regions, namely Russia, Qatar, and the US where tax incentives have dramatically improved the economics of investing in blue ammonia (when CO₂ is sequestered using carbon capture and storage).

In addition, new production units are expected to be commissioned in Nigeria, Iran and China, with smaller volumes in Israel and Zambia to meet growing domestic fertilizer and industrial demand.

A limited number of green ammonia plants commenced operations in 2025 - one in Africa, one in Oceania, and a handful in China. Their combined capacity represents a marginal contribution in terms of capacity additions in 2025 (+1.0 Mt), and similarly small additions are expected in 2026. A larger wave of green ammonia projects is projected for 2027, adding approximately +1.0 Mt of capacity. Beyond 2026, the outlook for green ammonia demand

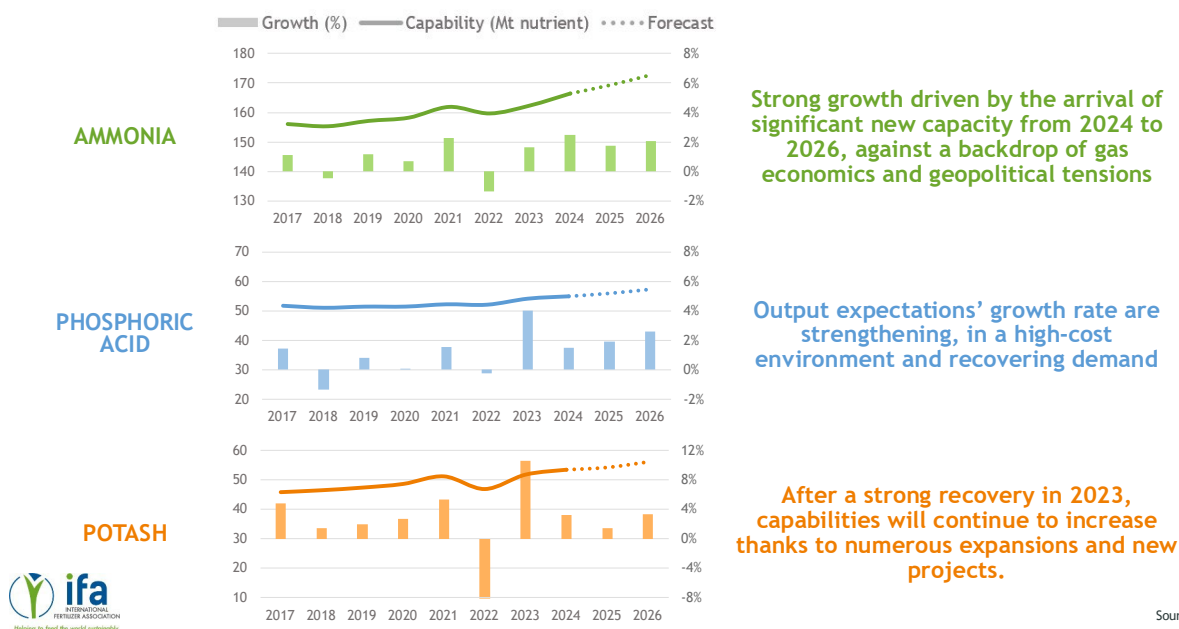
remains highly contingent on the evolution of the regulatory framework, as evidenced by the recent setback in shipping industry expectations following the suspension of the IMO's Net-Zero Framework.

Phosphoric acid capacity is projected to remain mostly unchanged at 63 Mt P_2O_5 in 2025, before rising significantly in 2026 (+2.6 Mt vs 2024). The largest capacity addition is expected in Morocco (+1.5 Mt) with the planned commissioning of new production units at Mzinda Safi. China is also forecast to expand its capacity (+0.8 Mt),

partly dedicated to purified phosphoric acid, while smaller capacity growth is anticipated in India.

Potash capacity is projected to reach 68 Mt K_2O in 2026 (+6% vs 2024). Expansions at existing mines in Russia and Laos are forecast to be the major drivers to this growth. In addition, a new sizeable project is planned for commissioning in Belarus, adding approximately 0.7 Mt K_2O to the total capacity in 2026. Smaller capacity increases are anticipated in Canada, Jordan and Spain.

2025-2026 capability forecasts



Capacity is expected to be driven by a combination of the capacity expansions outlined above and changing utilization in various other countries based on local conditions and economics.

- **Nitrogen** capability is forecast to increase from 166.3 Mt N in 2024 to 172.7 Mt in 2026, a 4% growth rate. The key drivers are low-cost projects in the US, Russia, Qatar and Nigeria, together with a cycle of capacity expansion in China, including some green ammonia plants.
- **Phosphate** capability is forecast to rise to 57.4 Mt P_2O_5 in 2026, 5% higher than in 2024. Capacity growth is expected to be primarily driven by additions in North Africa and East Asia, along with the commissioning of new small-scale units in India.
- **Potash** capability is projected to rise from 53.5 Mt K_2O in 2024 to 56.1 Mt K_2O in 2026, representing a 5% increase. Expansions by existing producers in Russia and Laos, along with the commissioning of a new project in Belarus, are forecast to drive capacity growth.

FERTILIZER CONSUMPTION FORECAST

IFA's methodology for preparing global fertilizer demand outlooks is based on a survey of around 50 country experts, representing roughly 90% of global fertilizer consumption. The results of this survey are complemented with agricultural and trade data, as well as recent market information.

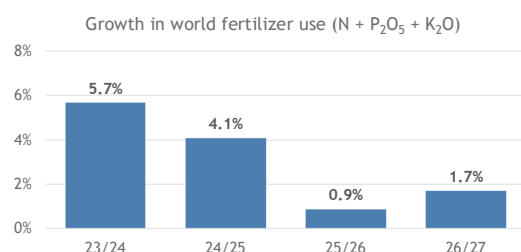
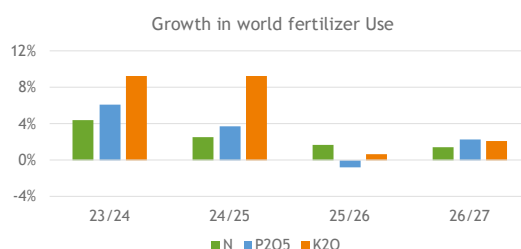
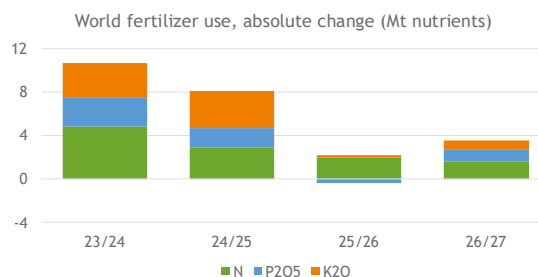
Growth in global fertilizer consumption is forecast to decelerate sharply in 2025/26

After declining for two consecutive years (-3% in 2021/22 and -3% in 2022/23), global fertilizer use (N + P₂O₅ + K₂O) rebounded in 2023/24 (+6%) and 2024/25 (+4%), reaching a record of 207.4 Mt. However, growth has since slowed down sharply, and global fertilizer use is expected to increase by less than 1% in 2025/26, to 209.4 Mt. This slower demand growth is attributed in most

countries to lower crop prices and reduced fertilizer affordability, compounded in some areas by high interest rates, higher import duties, unfavorable exchange rates, unfavorable weather and/or government policies.

In 2025 many crop prices remained lower or weakened while fertilizer prices strengthened. Rice prices fell by a third in the first 9 months of 2025 after two years above average levels. Wheat and soybean prices also weakened markedly, while maize prices did not break significantly from a four-year low. On the fertilizer side, phosphorus prices began rising in mid-2023 and accelerated further in the first half of 2025. Nitrogen prices saw continuous increases from mid-2024 to mid-2025. Potash prices climbed from late 2024 to mid-2025. Overall, price increases for nitrogen and phosphorus fertilizers during the first 10 months of 2025 (vs the same period in 2024) exceeded those for potash.

Growth in global fertilizer use is slowing down sharply in 2025/26



Geographical distribution of contributors to IFA demand survey



Source: IFA

As a result of lower crop prices and higher fertilizer prices, the affordability of fertilizers declined. The trend was particularly negative for application of urea on rice and wheat, as well as for application of DAP and MOP on soybeans. The application of MOP on oil palm

trees also became more costly between late 2024 and mid-2025.

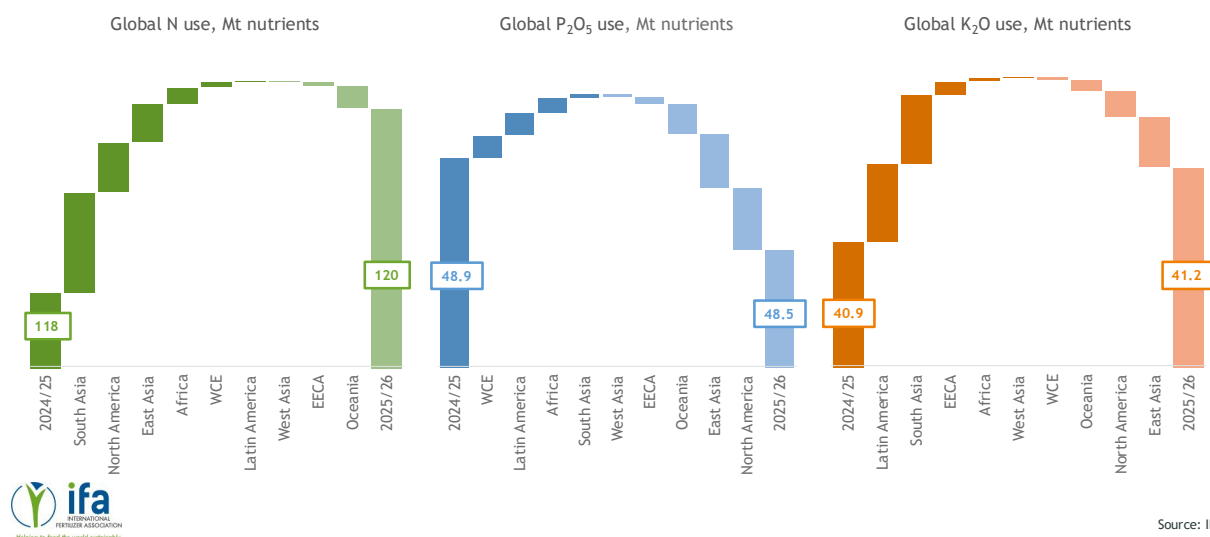
Reduced fertilizer affordability has a direct impact on demand. N use, which is usually spared due to its contribution to crop yields, is expected to grow by 1.7% compared to 2.6% the

previous year. However, use of K_2O is forecast to grow by only 0.6% and P_2O_5 use is forecast to decrease by 0.8%. The sharp slowdown in fertilizer demand growth for P_2O_5 and K_2O comes after two years of strong recovery.

In quantitative terms, the 1.8 Mt increase in global fertilizer use expected in 2025/26 is forecast to consist almost entirely of N. Most regions are expected to increase their consumption of N in 2025/26. Over half of the global expansion is expected to take place in

South Asia (+1.1 Mt) driven by India, supported by strong government incentives, as well as Pakistan. North America is expected to consume 500 kt more N than in 2024/25, driven by a record US maize harvest. East Asia is forecast to contribute an additional 400 kt N, an increase of only 1% for the largest market. China and other rice producing countries are expanding their N use, supported by government policies, while on the other hand palm oil producing countries are reducing their N use due to weakening affordability after a strong year.

N is supported by Asia's national policies



The small decrease of 400 kt in P_2O_5 use expected in 2025/26 is driven by North America, East Asia and Oceania. North America and East Asia both expect a rise in N use but a decline in P_2O_5 use, highlighting the priority given to N over P_2O_5 . The imposition of US reciprocal tariffs from April to November 2025 exacerbated affordability concerns for farmers (this fertilizer demand forecast was prepared before the November 13 tariff removal announcement).

For East Asia, there is again a contrast between palm oil producing countries where demand contracted after a strong year due to weakening fertilizer affordability, and other countries such as China where fertilizer subsidies are in place to support food production.

Despite the global negative trend, WCE, Latin America and Africa are expected to slightly increase their P_2O_5 use in 2025/26. In WCE, P_2O_5 use was already at low levels before it fell further in 2022/23, and farmers appear to now be raising their application rates slightly to preserve soil nutrient levels. In Latin America a small increase in P_2O_5 consumption is expected, albeit at a smaller rate than growth in agricultural production.

The outlook is mixed for K_2O , with a very small overall increase in global use (+250 kt or +0.6%) resulting from an increase in some markets offsetting declines in others. Latin America and South Asia are expanding their agricultural production and are expected to increase their use of K_2O , which remains relatively more affordable than N and P_2O_5 . In contrast, East

Asia and North America are expected to reduce their K_2O use in the short term. In East Asia, the decrease is driven mostly by palm oil producing countries reacting to reduced affordability of MOP after a strong previous year for K_2O use. North America's reduction in K_2O use, similarly to that of P_2O_5 , is driven by affordability expectations.

Growth in global fertilizer use is expected to strengthen in 2026/27, but uncertainties abound

Growth in global use is expected to strengthen from 0.9% in 2025/26 to 1.7% in 2026/27. While growth in N use is expected to slow from 1.7% to 1.4%, growth in use of P_2O_5 and K_2O is expected to increase to around 2%. These expectations assume that economic factors will improve, in particular crop prices and fertilizer affordability. However, many uncertainties were mentioned in replies to the demand survey, relating primarily to affordability metrics, trade tariffs, weather, and geopolitics.

Most regions are expected to increase their use of fertilizers in 2026/27, with the exceptions of North America and Oceania. In North America, US farmers have already seen poor affordability levels and face uncertain crop export markets due to ongoing trade tensions. Cautiousness would imply minimizing their fertilizer applications in 2026/27. In Australia, dry conditions are expected to affect agricultural area.

The regions expected to increase their use of fertilizers in 2026/27 include WCE, EECA, East Asia, South Asia, Africa and Latin America. In WCE, use of P_2O_5 is expected to continue recovering, but almost no growth is seen for N due to environmental regulations and uncertainties regarding CBAM. In EECA, strong growth in fertilizer use is expected, assuming higher application rates in Russia and improved conditions for farming in Ukraine. In East Asia, small growth is expected, assuming more affordable fertilizers and continued government support in rice producing countries, as well as continued control of fertilizer exports in China. In South Asia, relatively strong growth is forecast assuming normal rainfall, continued government support, and recovery in P_2O_5 use in Pakistan. In Africa, the positive view relies on continued government support in major markets. In Latin America, the relatively positive outlook is based on assumed higher crop prices, improved fertilizer affordability, high export demand from Asia, and the resolution of default crisis affecting many farmers.

Three consecutive records

Global fertilizer use is expected to reach three successive records between 2024/25 and 2026/27, with the 2026/27 level exceeding the 2020/21 level by 5%. This would be the fourth consecutive record for N and the third consecutive one for K_2O . However, the use of P_2O_5 is only expected to return to 2020/21 levels.



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