

Fertilizer

Non-rated

Jan fertilizer production updates

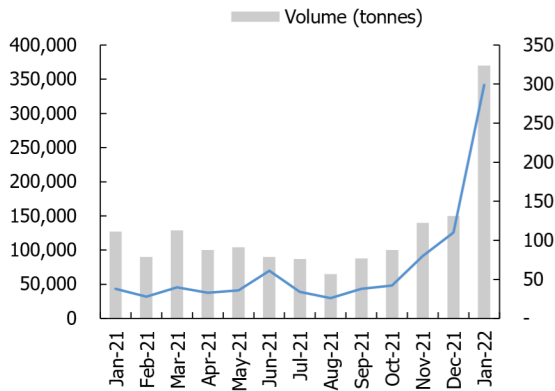
Export volume ballooned firmly

- According to Ministry of Industry and Trade, in Jan, fertilizer export volume rose significantly to reach 370,000 tonnes (+192% yoy and +147% mom), while the export value grew strongly to USD299mn (+682% yoy and +172% mom), mainly due to the increase in global selling prices. On average, the export price was USD808/tonne (+170 yoy and +10% mom) in Jan.
- The total production volume in Jan swelled to 663,300 tonnes (+9% yoy and +10% mom). In which, NPK accounted the highest volume of 327,000 tonnes (16% yoy and 32% mom) which made up 49% of total production volume. The production volume of Urea, Phosphate is 223,900/87,000 tonnes, increase 10%/32% mom and 3%/29% yoy. DAP production volume in Jan was 25,000 tonnes, increased 9% mom but fell significantly at 38% yoy.
- Domestic selling prices of Urea, NPK and Kali decreased by 11%/5%/6% mom in Jan but still sustained at high level. On the other hand, DAP's selling price went up by 21% mom and 109% yoy to reach the new peak of VND23,000/kg. On Feb 16th, Urea and NPK selling prices maintain at the same level at Jan, but DAP's selling prices could go up to VND24,300/kg.
- In Jan, at Black Sea market, urea selling price decreased 9% mom but NPK's price increased 52% mom. DAP's price in the US market recorded a slightly fall by 3% mom but still showed a rise by 41% yoy. Potash selling price in Israel pegged at USD390/tonne from Nov, 2021 to Jan, 2022 and increased 91% compared to the beginning of 2021.
- On Feb 18th, Urea selling price in Black Sea fell by 35% vs Jan to reach USD550/tonne, while NPK could maintain at USD600/tonne. Selling price of Potash in Israel earned a new peak at USD525/tonne (+35% mom and 157% yoy). Currently, DAP is trading at USD795/tonne (+5% mom and +36% yoy) in the US market.
- As we estimated, the average price of Vietnam gas used in urea production rose to USD265/tonne (12% mom, 39%yoy) in Jan and that could put pressure on the gross margin of fertilizer producers in 1Q22F, albeit to a different extent.
- From Dec, 2021 to Jan, 2022, the proportion of NPK domestic sales volume reduced from 58% to 49%, while Urea grew from 29% to 34%. On average, in 2021 NPK/urea accounted for about 53%/29% of total domestic consumption volume.

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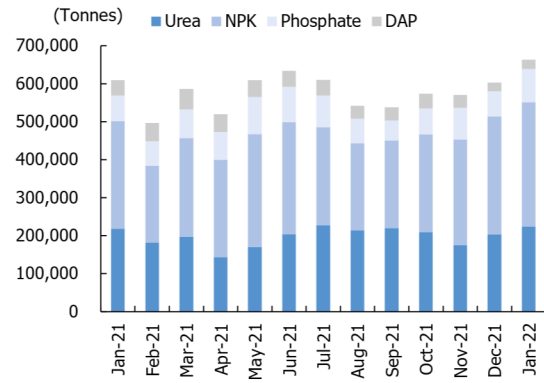
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Figure 1. Fertilizer export volume and value in January



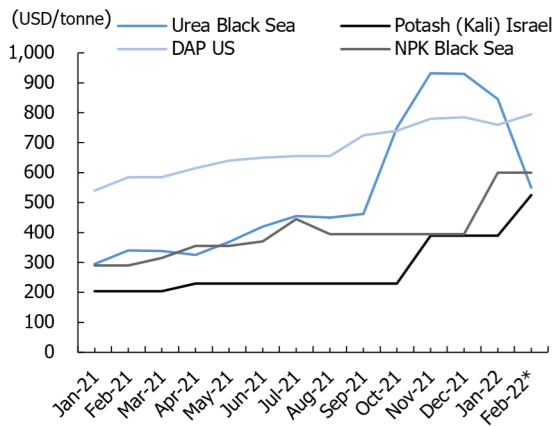
Source: Ministry of Industry and Trade

Figure 2. Fertilizer production continued growing in January



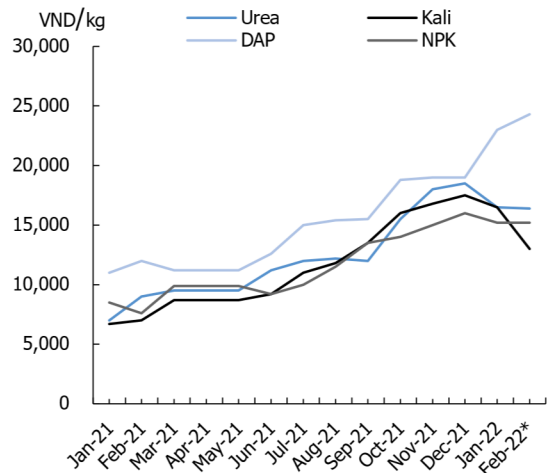
Source: Ministry of Industry and Trade

Figure 3. Global fertilizer in Jan mixed



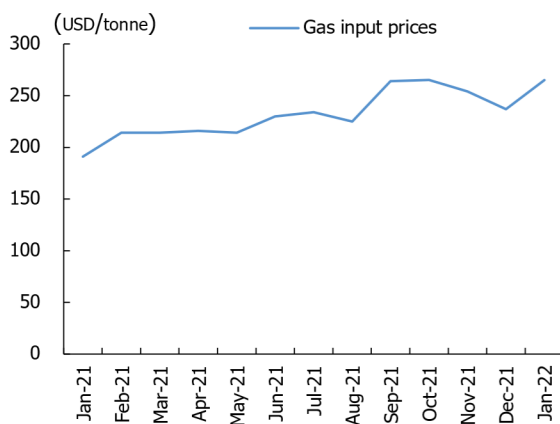
Source: Bloomberg, KIS

Figure 4. Domestic fertilizer prices retreated in Jan but maintain at a high level



Source: Fertilizer prices are collected from the quoted retail markets, KIS

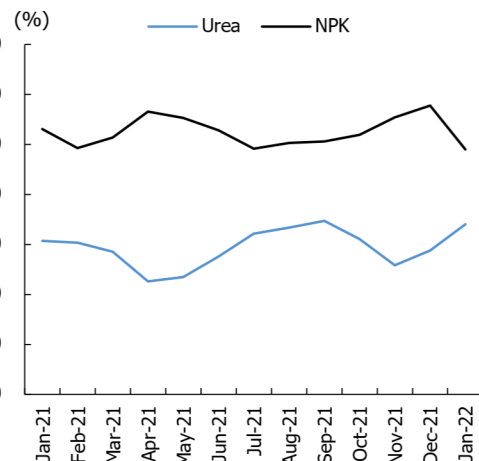
Figure 5. Gas input price rallied in Jan



Source: PetroVietnam, KIS

Note: The gas price is calculated based on Singapore mazut price.

Figure 6. % consumption proportion of Urea and NPK



Source: Ministry of Industry and Trade, KIS

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