

Fertilizer

Non-rated

Feb fertilizer production updates

Export volume shrunk while import expanded in Feb

- According to the Ministry of Industry and Trade, fertilizer export volume in Feb fell dramatically to 50,000 tonnes (-86% mom and -44% yoy), leading the export value down to USD26mn (-91% mom and -7% yoy). On average, the export price was USD520/tonne (+67 yoy and -36% mom) in Feb. We believe that the reason for the cutting down export volume mainly comes from Government's effort in stabilizing domestic fertilizer prices and stockpiling fertilizer to ensure supply for the upcoming Summer-Autumn crop.
- On the contrary, Viet Nam's fertilizer import in 2M22 inched by 5% yoy in volume but expanded by 94% yoy in value. In which, import from China accounted for 35% in volume and 31% in value, while Russia rank 2nd with 11% in export volume and 13% in value.
- The total production volume in Feb fell 18% mom but rise 9% yoy to reach 542,500 tonnes. NPK was still the leader with 266,900 tonnes, accounting for 49% of total domestic fertilizer production volume, up 32% yoy but down 18% mom. The production volume of Urea/Phosphate was 184,400/66,200 tonnes, decreasing 18%/24% mom but increasing 2%/2% yoy. DAP production was 25,000 tonnes, the same level as Jan and down 48% yoy.

Domestic fertilizer prices started climbing

- Domestic selling prices of Kali and DAP decreased 9%/2% mom in Feb, urea's selling price edged up by 1% mom, and NPK's price remained the same level as Jan. However, in Mar 11st, urea/Kali/DAP/NPK prices rose by 8%/17%/7%/5% compared to Feb level.

Global fertilizer prices mixed

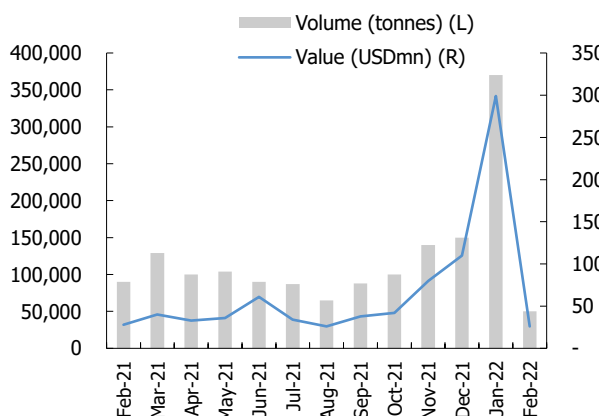
- In Feb, urea and DAP were trading at USD705/tonne and USD930/tonne in the US market, rising by 19%/22% mom and 96%/59% yoy. Potash selling price in Israel jumped to USD525/tonne (+35% mom and +157% yoy), while Black Sea NPK was at the same level as Jan – USD600/tonne, but still went up by 107% yoy.
- On Mar 11st, Israel potash and Black Sea NPK were trading at Feb level but urea and DAP in the US market surged by 28%/10% vs Feb to reach the all-time record of USD900/1,025/tonne.

Ballooning domestic gas input price expected

- As we estimated, the average price of input gas used in urea production accelerated to USD277/tonne (+7% mom, +38%yoy) in Feb. From Mar 1st to Mar 15th we estimated the average gas price jump to USD327/tonne, booming by 18% vs Feb level and that could put pressure on the gross margin of fertilizer producers in 1Q22F.

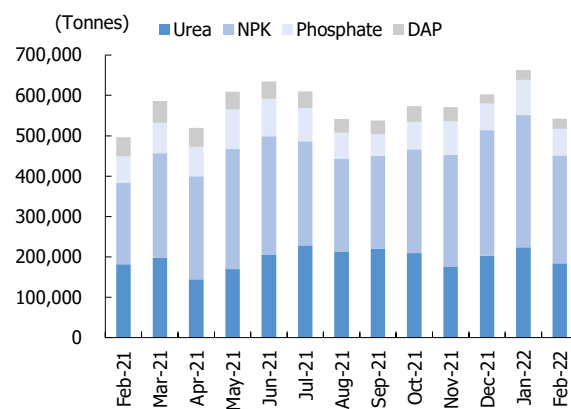
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Figure 1. Fertilizer export volume and value fell in Feb



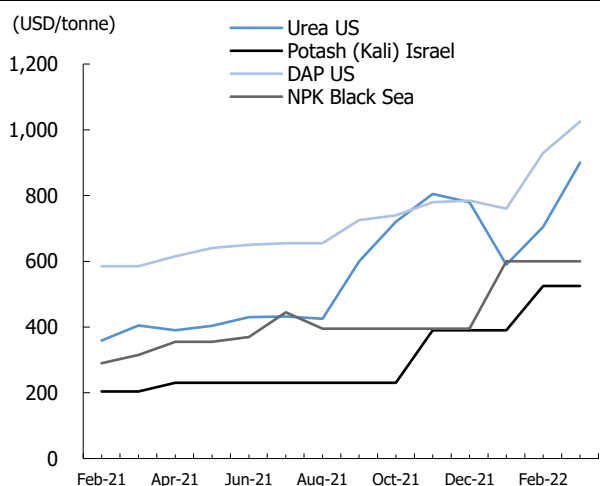
Source: Ministry of Industry and Trade

Figure 2. Fertilizer production slow down in Feb



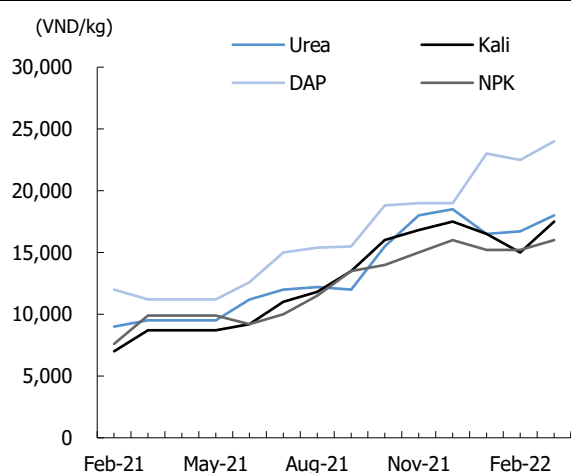
Source: Ministry of Industry and Trade

Figure 3. Global fertilizers mixed



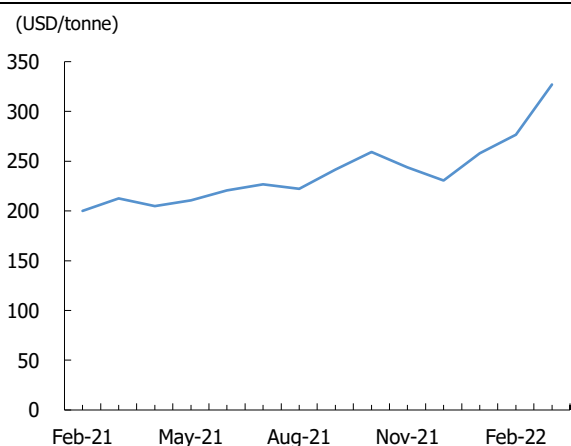
Source: Bloomberg, KIS
Note: The fertilizer prices are updated at Mar 11st

Figure 4. Domestic fertilizer prices started climbing



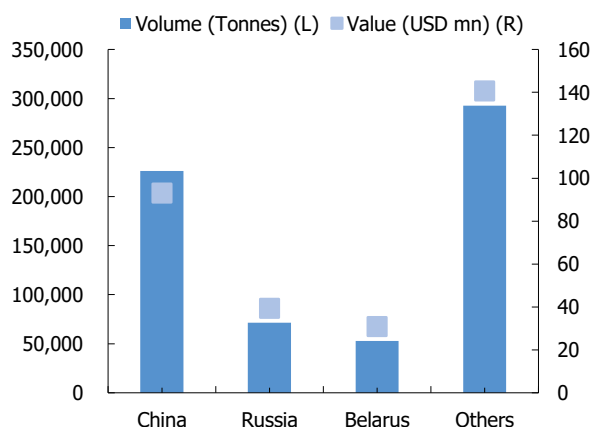
Source: Fertilizer prices are collected from the quoted retail markets, KIS
Note: The fertilizer prices are updated at Mar 11st

Figure 5. Gas input price skyrocketed in Feb



Source: PetroVietnam, KIS
Note: The gas price is calculated based on Singapore FO price; Singapore FO price is updated at Mar 15th

Figure 6. Viet Nam's fertilizer import in 2M22



Source: Ministry of Industry and Trade, KIS

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