

# Fertilizer

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**Neutral**

## High inventory

### Sharply recovered export volume

- According to Customs, in Feb-23, total fertilizer export volume was more than 151,000 tonnes (+18% yoy, +19% mom), equivalent to USD65mn (-9% yoy, +2% mom).
- Total urea/NPK production in Feb-23 was nearly 196,657/ 224,577 tonnes (+7%/-16% yoy, -13%/8% mom), respectively.
- At the same time, Vietnam imported more than 182,557 tonnes of fertilizer (-32% yoy, +31% mom), equivalent to USD68mn (-48% yoy, +18% mom).
- As we estimated, on average the export price was USD430/tonne, while the imported product dropped to USD370/tonne.

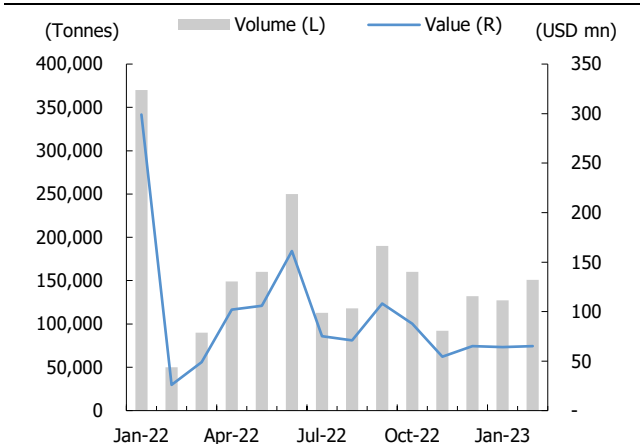
### Fertilizer prices kept tumbling in domestic and global markets

- Observing the domestic market, in Feb-23, urea was trading at around VND10,300/kg (-16% mom, -38% yoy).
- In the global market, in Feb-23, urea Black Sea was trading at USD290/tonne (-47% yoy, -24% mom), while that in the Middle East was USD338/tonne (-42% yoy, -22% mom). DAP in the US market was trading at USD660/tonne (-29% yoy, -5% mom).
- Urea FOB prices of both China and Russia in Feb-23 were USD410/tonne and USD300/tonne (+1% mom/-17% mom).
- High supply globally and the reopening of China – the top fertilizer exporter may keep dragging the price down. Especially, buyers are waiting for a better price that led the fertilizer price to fall faster.

### Fertilizer producers witnessed higher & higher inventories

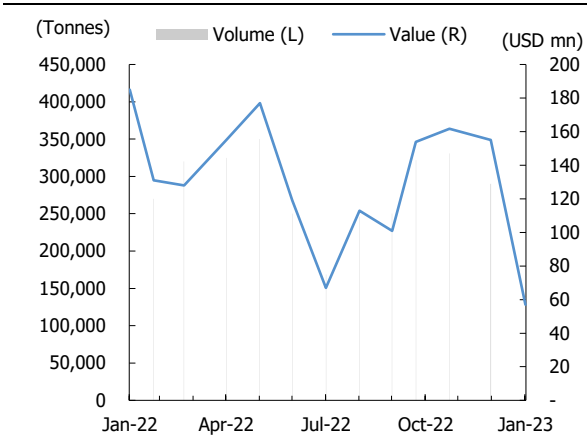
- Domestic production capacity has exceeded current domestic demand by at least 40%. Due to the falling price of fertilizer, farmers are postponing purchasing fertilizer, that led to a very high inventory and low sales of fertilizer in 1Q23.
- Lower price of fertilizer enables more stable and effective agricultural production. Thanks to (1) blooming planting activities in 1Q23 in terms of both price and productivity, (2) borders' full reopening and (3) the intense national food reserve amid global stagflation, we expect a positive sign in reducing fertilizer inventories in 2023.

**Figure 1. Fertilizer export volume and value by Feb-23**



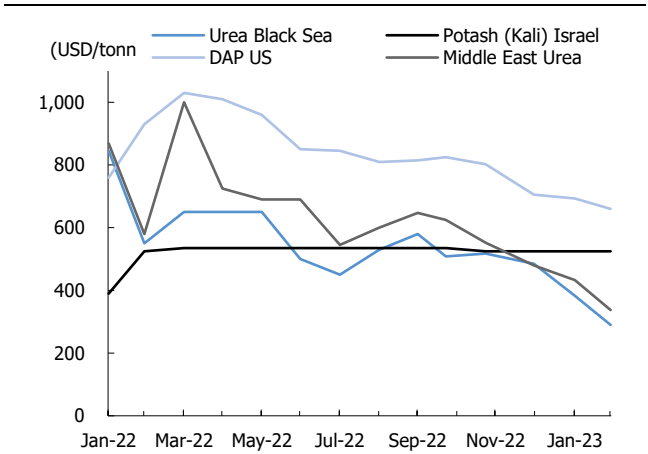
Source: Customs, KIS

**Figure 2. Fertilizer import vol and value by Feb-23**



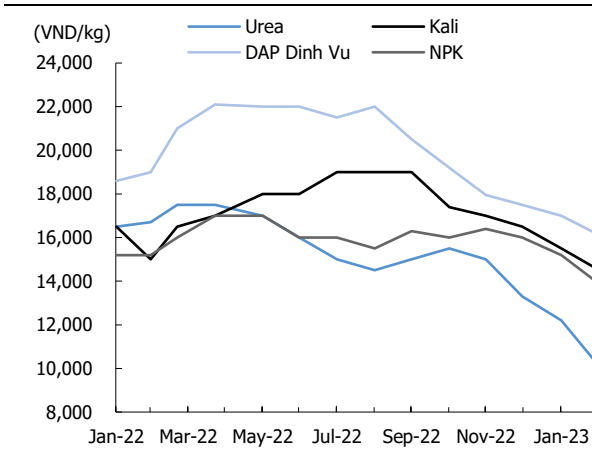
Source: Custom, KIS

**Figure 3. Global fertilizer prices**



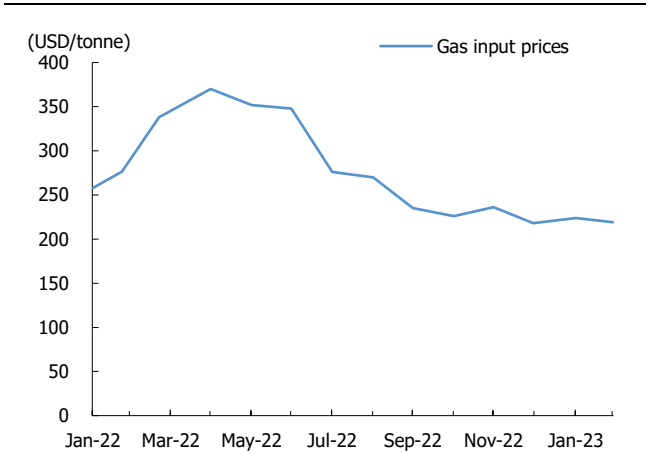
Source: Bloomberg, KIS

**Figure 4. Domestic fertilizer prices**



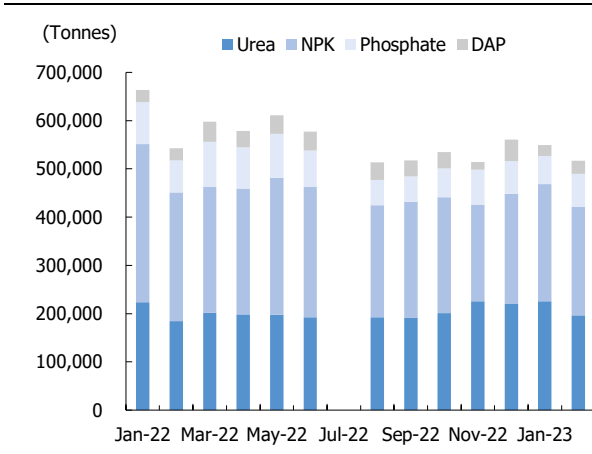
Source: Fertilizer prices are collected from the quoted retail markets, KIS

**Figure 5. Gas prices**



Source: Bloomberg, KIS

**Figure 6. Fertilizer production by Feb-23**



Source: MoIT, KIS  
Note: The MoIT did not public the Jul data

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