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Issue 23-26

Urea

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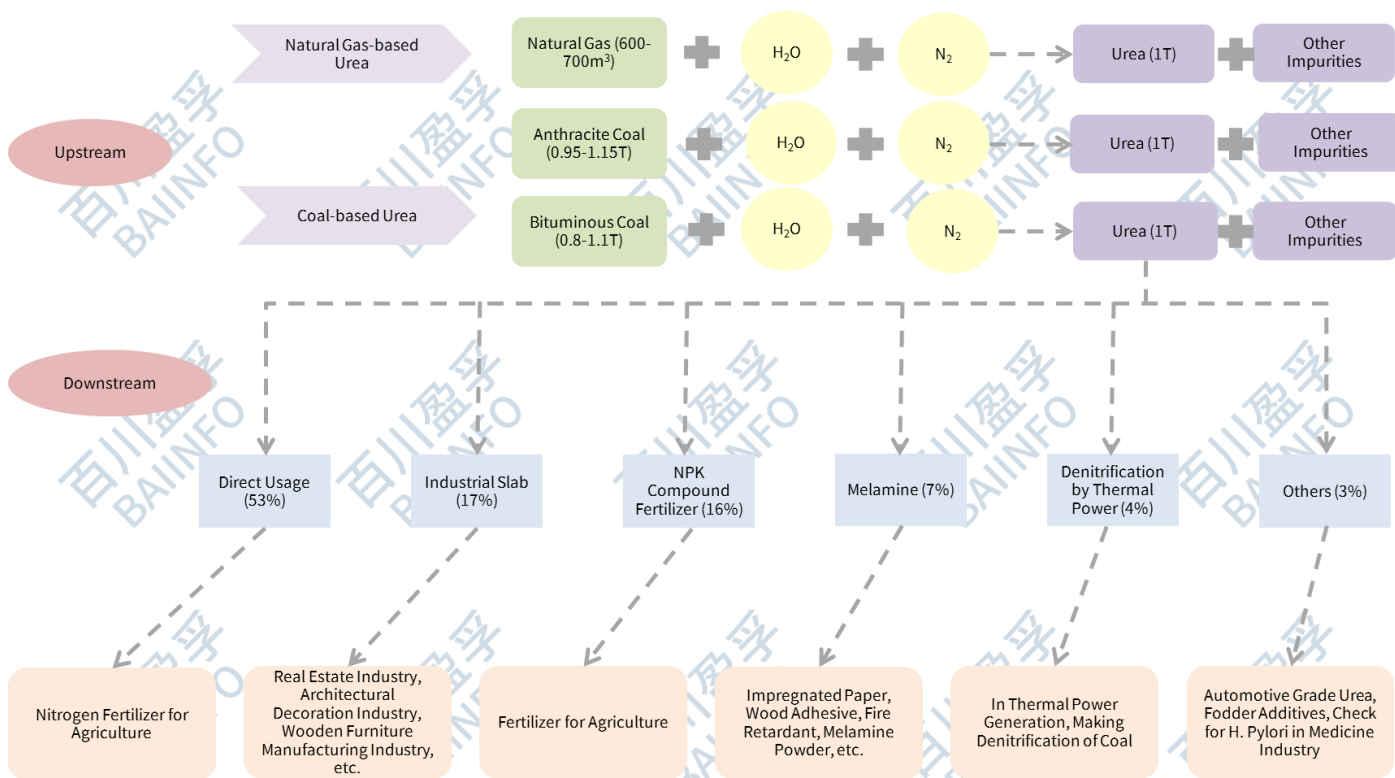
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Urea Industrial Chain Map



Weekly Review

This week, domestic urea market increased then declined. As of Jul. 6, in Shandong, Henan and Hebei, mainstream price was at USD 300-313/T, and trading price was at USD 294-309/T. Early this week, urea futures price and spot price extended uptrend. Besides, agricultural demand started and traders began to replenished resources. In mid of this week, with continuously rising urea price and the end of the new round of replenishment, traders obviously slowed down procurement. Thus, fresh trading price of urea plants tended to decrease. However, on Jul. 6, individual urea plants cut price within a limited range, owing to acceptable delivering orders and few stocks.

China Urea Price Trend (USD/T)



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Supply & Demand

Supply According to BAIINFO, domestic urea daily output edged down compared with last week, with high operation rate. Some plants in Inner Mongolia, Liaoning and Hainan cut or stopped production. A few enterprises in Sichuan resumed or increased production. Plus, in Jul., some plants in Chongqing, Hebei, Anhui and Shanxi had maintenance plan.

Demand This week, NPK operation rate moved down. With the end of summer fertilizer sales, many plants lowered the operation rate and produced based on demand. Medium and small-sized plants started to shut down for maintenance as schedule. In addition, Some large plants started to prepare to produce for autumn fertilizer. Moreover, melamine operation rate went up and some plants in Shandong planned to resume production. Besides, some plants started to receive orders, which stopped or controlled to receive orders at previous period. Total supply was expected to increase. However, downstream plants did not accept new price totally and the volume of new order was not increased. Thus, bullish factors from supply-demand pattern were short.

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Price

Regional Price

Unit: USD/T 1 USD=7.2105 RMB

Region	6/Jul/23	29/Jun/23	Change
Northeast China	320	322	↓ 2
North China	305	291	↑ 14
Central China	304	298	↑ 6
East China	318	308	↑ 10

Northwest China	293	288	↑ 5
Southwest China	324	304	↑ 20
South China	331	310	↑ 21

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International Price

Unit: USD/T

Market	03-Jul-23	04-Jul-23	05-Jul-23	06-Jul-23	07-Jul-23	Remarks
Yuzhnyy	242.5	242.5	242.5	242.5	242.5	prilled, in bulk, USD 240-245/T
the Baltic Sea	242.5	242.5	242.5	242.5	242.5	prilled, in bulk, USD 230-255/T
Romania	332.5	332.5	332.5	332.5	332.5	prilled, in bulk, USD 330-335/T
Croatia	332.5	332.5	332.5	332.5	332.5	prilled, in bulk, USD 330-335/T
Bulgaria	-	-	-	-	-	prilled, in bulk, no offer
Arabian Gulf	287.5	287.5	287.5	287.5	287.5	prilled, in bulk, USD 285-290/T
China	302.5	302.5	302.5	302.5	302.5	prilled, in bags, USD 300-305/T
Brazil	280.0	280.0	280.0	280.0	280.0	prilled, USD 275-285/T, CFR
Arabian Gulf	288.0	288.0	288.0	288.0	288.0	granule, in bags, USD 266-310/T
Arabian Gulf-US Netback	293.0	293.0	293.0	293.0	293.0	granule, in bags, USD 283-303/T
Iran	262.5	262.5	262.5	262.5	262.5	granule, USD 260-265/T
Arabian Gulf- NO US Netback	305.0	305.0	305.0	305.0	305.0	granule, in bags, USD 300-310/T
Egypt	352.5	352.5	352.5	352.5	352.5	granule, in bags, USD 345-360/T
Indonesia	-	-	-	-	-	granule, in bags
Malaysia	-	-	-	-	-	granule, in bags
South Asia	325.0	325.0	325.0	325.0	325.0	granule, USD 315-335/T, CFR
Venezuela	275.5	275.5	275.5	275.5	275.5	granule, in bags, USD 240-311/T
Trinidad	275.5	275.5	275.5	275.5	275.5	granule, in bags, USD 240-311/T
US Gulf-p.s.t.barge	300.0	300.0	300.0	300.0	300.0	granule, in bags, USD 290-310/T
Arabian Gulf	-	-	-	-	-	prilled, in bags
US Gulf	325.0	325.0	325.0	325.0	325.0	granule, in bags, USD 314-336/T
China	303.0	303.0	303.0	303.0	303.0	granule, USD 302-304/T, FOB

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Market Price

Unit: USD/T 1 USD=7.2105 RMB

Regions	03-Jul-23	04-Jul-23	05-Jul-23	06-Jul-23	07-Jul-23	Remarks
Shandong	313	313	312	311	311	prices for receiving cargoes in Linyi
Jiangxi	327	327	327	327	327	wholesale market price
Jiangsu	323	323	323	323	323	wholesale market price
Anhui	319	319	319	319	319	wholesale market price
Henan	311	311	311	308	308	prices for receiving cargoes in Shangqiu
Hunan	305	305	305	305	319	wholesale market price
Hubei	298	298	298	298	312	wholesale market price
Hebei	305	305	306	306	306	wholesale market price
Shanxi	304	304	304	304	304	wholesale market price
Heilongjiang	313	313	313	313	313	wholesale market price
Jilin	298	298	298	298	298	wholesale market price

Regions	03-Jul-23	04-Jul-23	05-Jul-23	06-Jul-23	07-Jul-23	Remarks
Liaoning	340	348	348	348	348	wholesale market price
Xinjiang	284	284	284	284	284	Northern Xinjiang
Ningxia	294	294	294	294	294	/
Qinghai	270	270	270	270	270	wholesale market price
Gansu	312	312	315	315	315	wholesale market price
Shaanxi	309	309	304	304	304	/
Western Inner Mongolia	291	291	294	294	294	wholesale market price
Eastern Inner Mongolia	305	305	305	305	305	/
Inner Mongolia	286	287	288	288	288	/
Yunnan	298	305	313	313	313	wholesale market price
Guizhou	312	312	312	316	316	wholesale market price
Sichuan	326	326	333	333	333	wholesale market price
Chongqing	326	326	333	333	333	wholesale market price
Guangdong	340	340	340	340	340	wholesale market price
Guangxi	340	340	340	340	340	USD 340-347/T, wholesale market price
Fujian	340	340	340	340	340	wholesale market price
Hainan	305	305	305	305	305	granular, wholesale market price
Urea Avg. Price (prilled)	302	303	305	305	305	/
Urea Avg. Price (granular)	307	307	305	304	304	/
National Urea Avg. Price	303	304	305	304	304	/

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➤ Futures Price

Unit: USD/T 1 USD=7.2105 RMB

Market	03-Jul-23	04-Jul-23	05-Jul-23	06-Jul-23	07-Jul-23	Remarks
ZCE Opening Price (Dominant Contract)	263	259	261	252	252	VAT included
ZCE Closing Price (Dominant Contract)	258.9	259.3	251	254	254	VAT included
ZCE Settlement Price (Dominant Contract)	259	259	253	254	254	VAT included

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➤ Freight Charge

Route	03-Jul-23	04-Jul-23	05-Jul-23	06-Jul-23	07-Jul-23	Remarks
The Baltic Sea-West Coast of Mexico	45	45	45	45	45	/
The Baltic Sea-Brazil	30	30	30	30	30	/
Middle East Gulf-Brazil	19	19	19	19	19	/
Nigeria-Brazil	14	14	14	14	14	/
China-Southeast Asia	18	18	18	18	18	/
China-West Coast of Mexico	26	26	26	26	26	/
Algeria-Brazil	24	24	24	24	24	/
Algeria-American Gulf	23	23	23	23	23	/
Algeria-French Gulf	24	24	24	24	24	/
Arabian Gulf	31	31	31	31	31	unloading point: American Gulf, USD 31-33/T
Arabian Gulf	19	19	19	19	19	unloading point: Thailand, USD 19-21/T

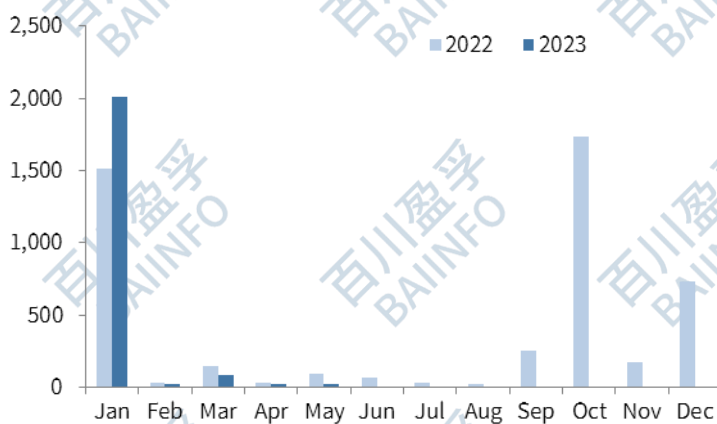
Route	03-Jul-23	04-Jul-23	05-Jul-23	06-Jul-23	07-Jul-23	Remarks
The Black Sea	-	-	-	-	-	unloading point: West Coast of India
The Black Sea	-	-	-	-	-	unloading point: Southwest Brazil
The Baltic Sea	35	35	35	35	35	unloading point: East Coast of Mexico, USD 35-40/T
Egypt	39	39	39	39	39	unloading point: French Gulf, USD 39-40/T
Northern China	13	13	13	13	13	unloading point: Midwest India, USD 13-14/T

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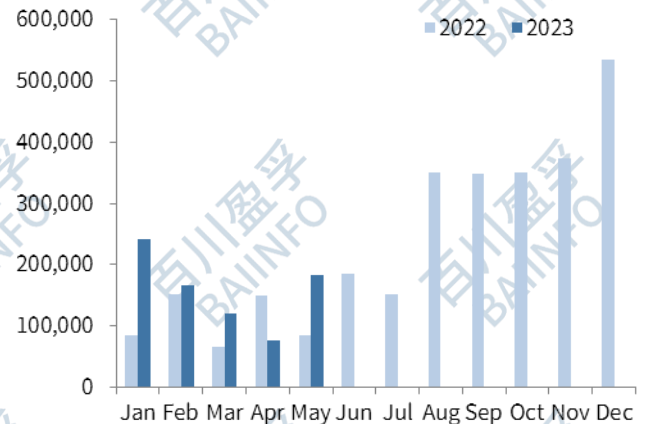
Imp. & Exp. Data

Urea	Imp. Qty (T)	Imp. Value (USD)	Exp. Qty (T)	Exp. Value (USD)
Jan	2,010	1,231,009	240,840	119,891,757
Feb	18	57,046	166,431	79,104,599
Mar	87	110,569	119,718	55,509,534
Apr	18	42,473	75,799	34,422,450
May	17	100,790	182,887	68,468,030
Total	2,149	1,541,887	785,675	357,396,370

Import Quantity in 2022 & 2023 (Unit: T)



Export Quantity in 2022 & 2023 (Unit: T)



Urea Import & Export Data by Countries/Regions in May, 2023

Countries/Regions	Imp. Qty. (T)	Imp. Val. (USD)	Exp. Qty. (T)	Exp. Val. (USD)
The United Arab Emirates	0	0	10	7,700
Angola	0	0	110	42,900
Australia	0	0	35,952	12,091,107
Pakistan	0	0	40	52,200
Brazil	0	0	3,372	1,407,008
Belgium	0	0	400	250,400
Poland	0	0	100	43,500
Germany	16	96,544	1,392	539,179
Russia	0	0	25	30,510

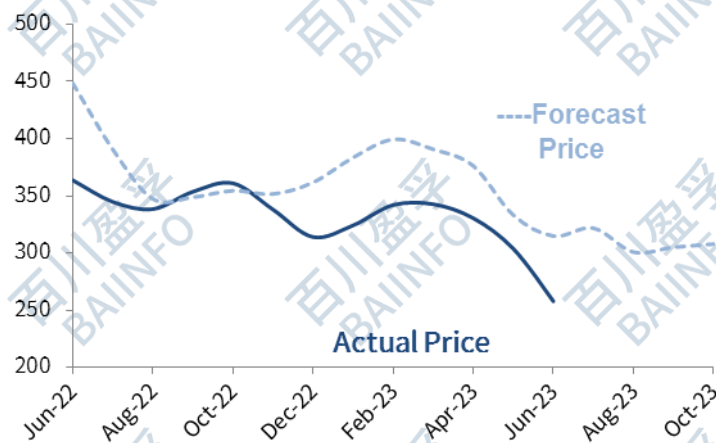
Countries/Regions	Imp. Qty. (T)	Imp. Val. (USD)	Exp. Qty. (T)	Exp. Val. (USD)
France	0	0	400	243,300
The Philippines	0	0	940	336,000
Colombia	0	0	1,008	505,046
South Korea	0.025	135	34,362	13,767,219
Canada	0	0	20	10,800
Czech Republic	0	0	700	277,000
Cote d'Ivoire	0	0	56	30,240
Croatia	0	0	157	47,540
Kenya	0	0	335	146,081
Madagascar	0	0	315	155,700
Malaysia	0	0	2,078	897,803
Mauritius	0	0	569	213,795
The United States	0.050	806	1,442	638,576
Peru	0	0	5,084	1,784,540
Myanmar	0	0	24,453	8,538,816
Mexico	0	0	326	179,622
Nepal	0	0	3,000	1,603,116
Norway	0	0	300	145,500
Japan	0.020	44	5,654	2,578,246
Sweden	0	0	10	6,890
Sri Lanka	0	0	200	73,000
Thailand	0	0	22	11,568
Uruguay	0	0	112	48,440
Spain	0.008	118	2,968	1,214,060
Greece	0	0	20	10,280
Singapore	0	0	122	33,432
Hungary	0	0	200	92,000
Israel	0	0	500	230,000
Italy	0	0	321	177,516
India	0	0	46,234	16,043,623
Indonesia	0.001	65	100	76,436
Britain	0.000	32	680	310,568
Vietnam	0	0	135	89,095
Chile	0	0	2,840	1,333,161
Macau, China	0	0	12	4,166
Taiwan of China	0	0	3,867	1,691,375
Hong Kong, China	0	0	1,947	458,976
Austria	0.600	1,807	0	0
the Netherlands	0.003	161	0	0
Morocco	0.006	1,078	0	0
Total	17	100,790	182,887	68,468,030

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Forecast

As for supply, many plants conduct turnaround recently, so urea daily output is likely to drop. As for demand, industrial users take resources on small amount or rigid demand. Besides, topdressing for corn fertilizers in the north draws to a close and demand for wheat fertilizers in Southern Anhui and Jiangsu is about to come to an end. Thus, overall agricultural demand for urea is possible to turn weak. As a result, urea market is anticipated to show ups and downs with many bearish effects next week, with mainstream price estimated at USD 291-305/T in Shandong, Henan and Hebei. However, it is heard that a new round of the Indian bidding will be issued in mid-to-late of Jul. If the bidding is issued as scheduled, domestic urea market will gain support. The Indian bidding and urea futures price trend should still be paid attention to later.

China Urea Price Forecast (USD/T)



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Upstream Market

This week, Saudi Arabia's attitude brought bullish support in supply-demand pattern, boosting international crude oil prices. Early this week, the volume of petroleum and natural gas drilling platform in the US had fallen for nine weeks. Meanwhile, economic data in the US showed strong scenario. Moreover, Saudi Arabia and OPEC+ countries cut production, driving up crude oil prices. Later this week, the concern about global economy and the US increasing rate was still existed, but Saudi Arabia government reflected they would try their best to support the market. At the same time, one country in Europe would cut production about 0.5 million barrels at this month and Russia insisted to against external pressure and sanctions. Moreover, the US inventory was expected to slump. Thus, tightened supply pushed up crude oil prices. By Jul. 5, WTI and Brent values were at USD 71.76/bbl and USD 76.65/bbl respectively. Overall, boosted by bullish factors, in next week, international crude oil prices may run strong. WTI values are forecasted to be at USD 71-75/bbl, while Brent values are forecasted to be at USD 75-79/bbl.

As for coal market, the price moved up. In next week, coal prices may be in fluctuation affected by imported coals.

In terms of natural gas side, domestic LNG prices went down unstopably due to soft demand. Till Jul. 6, domestic LNG market average price was at RMB 4,317/T, up RMB 15/T compared with Jun. 29. Early this week, driven by risen cost, domestic LNG prices soared. However, lack of strong demand, LNG prices slumped rapidly. Later this week, as submarine natural gas prices falling, cargoes from the Northwest China were blocked to send to North China. In producing areas, LNG prices went down. Overall, without any improvement in terminal demand, many LNG plants intended to stabilize the price based on cost. In next week, domestic LNG prices are predicted to inch down by RMB 50-150/T.

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Downstream Market

➤ NPK

This week, domestic NPK market consolidated at low level. Deals were scarce, with fresh trading prices negotiable for one order. Recently, urea and ammonium chloride prices firmed flexibly, supporting NPK market to some degree. Low-end prices stabilized. As of Jul. 6, average market price of 45% CL-based NPK (15-15-15) ran at USD 317/T, down 3.79% WoW, and that of 45% S-based NPK (15-15-15) ran at USD 368/T, down 2.5% WoW. NPK market entered seasonal lull. Demand support from late rice in South China existed. NPK plants in other regions saw poor shipments. Terminal demand was sporadically seen. Plants held autumn fertilizer ordering meeting successively. Some plants released favorable price policies. As it is still early before application of autumn fertilizers, downstream distributors mostly adopted prudent approaches amid watching mood.

Forecast: In demand-lull season, NPK market sees sporadic fresh deals. Operation rate stays at low level overall. Some plants release favorable price policies for autumn preorders. As it is still early before application of autumn fertilizers, watching mood dominates. Distributors adopt prudent approaches. Attention should be paid to raw material price trend, supply-demand status, and autumn preorder situation.

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➤ Melamine

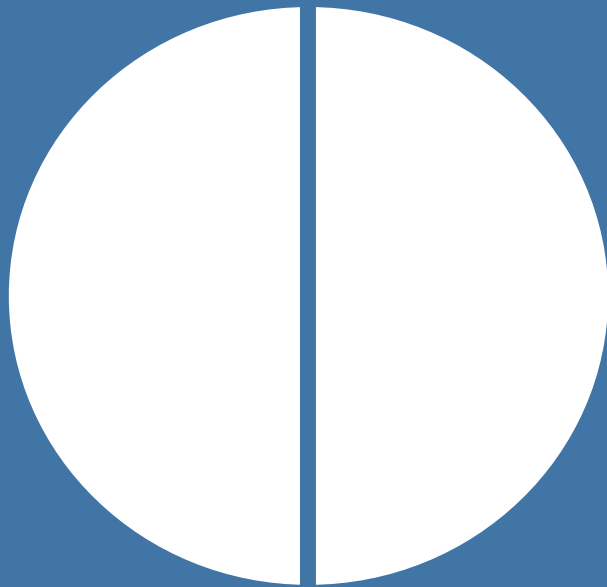
This week, melamine market prices saw stable-to-uptrend. Up to Jul. 6, the market average price was at RMB 6,288/T, up RMB 18/T compared with Jun. 29. Though some plants in Xinjiang and Shanxi restarted, total operation rate was not increased largely. Due to turnaround and controlling receiving orders, supply was tight. Besides, urea market price was firm, supporting melamine market. Even if downstream demand had no change, melamine plants still intended to firm the price. Thus, producers' quotation was pushed up overall. Mainstream reference prices were around RMB 6,000-6,400/T.

Forecast: For raw material side, urea prices moved up and fertilizer preparation period was almost finished. Downstream traders were reluctant to high price. Urea market prices may go softer, weakening support for melamine market. For supply and demand side, some plants in East China plan to resume production and some plants start to receive orders again, so total arrivals will increase. However, downstream plants do not accept new price totally, so the volume of new trades is not released. Bullish factors in supply and demand sides are inadequate. In next week, melamine market may be adjusted amid steady, and the price may be around RMB 6,000-6,400/T.

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