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Water Soluble Fertilizer Weekly

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Highlights:

Potassium hydroxide operation rate dropped and price stayed high. Transactions were slow with wait and see mood in upstream and downstream.

Industry-grade MAP market was acceptable, with Xinjiang market slowed started and deals mostly in Sichuan.

Potassium nitrate ran flat with unchanged prices. Transactions for industrial use were common. New orders were limited and some producers offered large discounts.

Zinc sulfate market had no large fluctuations. Downstream purchased on demand.

Forecast:

Potassium nitrate price is likely to run stable without clear direction.

Potassium hydroxide price will stay stable at high level, mainly supported by small price hike of yellow phosphorus.

Industry-grade MAP market is expected to consolidate in early Nov. and price might recover when Xinjiang market is fully started.

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UAN

➤ *Market Briefing*

This week, shipment in UAN market affected by the weather was blocked, with strong terminal demand in the southwest (mainly industrial fertilizer with 28% UAN content). Domestic market was in the off season, and some devices shut down. Enterprises mainly consumed inventory. EXW offers were at RMB 1.700-1.800/T, while actual deals could be negotiated. Downstream dealers mainly purchased small package, with prices at RMB 2,000-2,200/T. Export market showed downtrend with weak demand. Enterprises looked forward to the Spring market in the next year, with falling offers.

International market: The US UAN spot market showed weak scenario, as urea prices continued to drop. The market was full of watching mood. 32% UAN was offered at USD 150-155/short ton FOB. There was no news in east coast market. In Russia, 32% UAN prices were at USD 172/T CFR. The US products prices continued to slide down, while in France, quotation for 30% UAN in Nov. and Dec. was at EUR 167-168/T FCA. Many dealers mainly made distribution. Spring demand was weak, and the price was at EUR 175/T. Driven by fallen liquid nitrogen fertilizer market, downstream market did not purchase UAN. Operation rate at European enterprises moved up, with high-level supply. On Oct. 24, Grodno Azot tendered to sell UAN 20,000T in the market of the Baltic Sea. It planned to ship cargoes in Oct. Though the price was pulled down from EUR 140/T to EUR 137/T FOB, buyers were still unwilling to purchase. There was no news about deals in the market.

Raw materials: Although urea prices went down continuously, there were few new orders, even no large order. Inventory at many enterprises was at higher level. For current market, only slab factories purchased properly, sales in NPK market were hard and its operation rate was lower 5% than it at last year, which caused purchasing urea become difficult. Fertilizer market totally performed dim. Besides, it was heard that some enterprises delayed the maintenance plan. Later, supply change should be paid attention. After prices rising at the beginning of this month, ammonium nitrate market ran stable at high level.

➤ *Forecast*

Domestic market ran soft in the off season. Affected by the weather, shipment was blocked. Terminal demand showed sluggish scenario. With ample supply, enterprises mainly consumed their inventories. International market started to look forward the Spring market, with prices falling. In the future, UAN market will keep in a dim consolidation.

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Industry-grade MAP

➤ *Market Briefing*

Industrial-grade MAP market was acceptable this week. Inquiries increased with more deals in Sichuan but at low price. Arrival price for 72% industrial-grade MAP in Xinjiang was at RMB 3,750/T, and that for 73% industrial-grade MAP was at RMB 3,750-3,800/T. Transaction amount went up over last week. Industrial-grade MAP in Central China was mainly exported by small orders with the quotation at RMB 3,650/T. Affected by domestic market, the demand was bleak, causing slightly declination in

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export price. Yunnan and Guizhou enterprises mainly delivered to Southwest with few to Northwest. At present, Xinjiang market may start after two or three weeks.

Raw materials : Phosphate ore market remained consolidated with price agreement between sellers and buyers. Offers for yellow phosphorus kept stable with steady mainstream transaction volumes amid a watching mood. Phosphoric acid price was stable, and enterprises mostly held wait-and-see attitude on the slightly increased price for yellow phosphorus. Supply of liquid ammonia in some main producing area rebounded but with turnaround plans. On the whole, the market in the main producing turned better.

Supply: National operation rate of industrial-grade MAP moved up to 78.77% by Oct. 31. Qinhuangdao Huaying Phosphoric Acid Co. operated intermittently with monthly output of about 1000 tonnes but without any stocks. Yunpanshan Phosphorus Chemicals Co. planned to restart next March for re-vampment. Hubei xinyangfeng fertilizer Co. shut down for maintenance for a month. Leibo Shikefeng Co. planned to resume production next week. Sinochem Fuling Chongqing Chemical Industry Co. stopped production but with fire control ammonium in stock. While Sichuan Longmang Group Co. operated normally with the daily output of 1,000 tonnes.

EXW price for 72% wet-process industrial-grade MAP was offered at RMB 3,550, while that for 73% wet-process industrial-grade MAP was at RMB 3,600/T in Southwest; EXW price for 72% wet-process industrial-grade MAP in Sichuan was at RMB 3,500-3,600/T, while that for 73% wet-process industrial-grade MAP was RMB 3,560/T with slightly decreasing deals. In Central China, the EXW price of 73% wet-process industrial-grade MAP slipped down to RMB 3,650-3,700/T, while that of 72% wet-process industrial-grade MAP was at RMB 3,650, meanwhile, the mainstream export price was at RMB 3,650-3,700. Mainstream price for 73% wet-process industrial-grade MAP in East China moved down to RMB 3,800/T, and that for 72% wet-process industrial-grade MAP slid down to RMB 3,750/T, which was mainly delivered to local market with stable deals. Quotations for thermal-process MAP and thermal-process DAP in Southwest were both at RMB 5,800/T, while that in East China were both at RMB 5,600/T with normal order receiving. Mainstream EXW price of 66% water-soluble MAP was at RMB 2,900/T, down RMB 100/T. Offers for 64% industrial-grade MAP was at RMB 3,000/T, down RMB 50/T, and that for 67% industrial-grade MAP was RMB 3,200/T. 68% industrial-grade MAP price dropped to RMB 3,250/T, mainly with despatch.

➤ *Forecast*

Firstly, actual transactions remain wait-and-see with increased inquiries and stable exportation. Secondly, part of the national industrial ammonium enterprises increased production amount, driving up the supply. Thirdly, the cost support is limited. In sum, industrial ammonium market may keep stable-and-weak in Nov. with limited falling space for price, and the price will rebound after the opening of Xinjiang Market.

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[*Monopotassium Phosphate*](#)

➤ *Market Briefing*

Monopotassium phosphate prices stayed at high level this week. Enterprises held lower operation rates and individual ones raised offers. There was strong watching sentiment in the market, leading to

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scarce deals. Mainstream deal prices were largely steady. Supply of spot cargoes declined. Major producers sustained stable output. Some producers cut daily output slightly. Besides, more small-scale enterprises stopped production. However, the support for overall market was limited as downstream demand remained tepid. Downstream users mainly adopted wait-and-see stance, prompting to sluggish buying interest. Therefore, new orders were rarely seen. Affected by feedstock prices, export orders also got fewer than before. Recently, some deals with small trading volume were mostly concluded with buyers from Shandong, Inner Mongolia and South China.

As for upstream market, yellow phosphorus prices went up by RMB 100/T and was possible to extend uptrend. Phosphoric acid market prices were largely stable and shipments were based on previous contracts. Market players mostly held watching mood. Potassium hydroxide enterprises declined operation rates slightly and the market was likely to run bearish later.

➤ *Forecast*

Despite of rising yellow phosphorus prices, it is hard for enterprises to push up monopotassium phosphate offers. Given limited transactions, monopotassium phosphate market prices are expected to consolidate in near future.

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Potassium Nitrate

➤ *Market Briefing*

Potassium nitrate market prices were unchanged this week. Transactions of agricultural resources were lackluster, thus some enterprises provided discount. Market supply was stable overall. Individual enterprises shut down for maintenance, but the impact on whole market was restricted. Demand for industrial potassium nitrate was healthy, while buying interest in agricultural resources was soft. Agricultural potassium nitrate was mainly sold to water-soluble fertilizer enterprises and users in Inner Mongolia and Shandong. Export orders were also rarely seen.

➤ *Forecast*

Without clear guidance, short-term potassium nitrate prices are predicted to keep stable in line with upstream market.

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Zinc Sulfate

➤ *Market Briefing*

This week, domestic zinc sulfate market didn't see many deals amid thick watching sentiment and producers' negative outlook. As winter storage among downstream plants wasn't active as expected, producers mainly processed orders they received. Demand from compound fertilizer in winter seemed unclear so far and many enterprises didn't give any universal discount to buyers yet. Each deal was negotiable. Our advice is to be cautious about raw materials procurement since zinc sulfate prices have seen changes.

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In terms of demand, domestic VSF negotiation price remained at low level and fixtures consolidated. Cargo uptake was still on a need-to basis. So far, middle-end price of VSF was at RMB 10,600-10,700/T, by acceptance; high-end price was at RMB 10,800-10,900/T, by acceptance. As for demand from agricultural sector, winter storage might start in mid-Nov. Yet the industrial operation rate of compound fertilizer will correct itself in accordance with environmental inspection and local transaction, etc.

In Central China market, zinc sulfate monohydrate EXW price was at RMB 4,700-4,800/T; zinc sulfate heptahydrate EXW price was at RMB 4,600/T; in North China, zinc sulfate monohydrate EXW price was at RMB 4,600/T; zinc sulfate heptahydrate EXW price was at RMB 3,200-3,300/T and cargoes were mainly distributed to plants in North China. In East China, zinc sulfate monohydrate EXW price was at RMB 4,600/T; zinc sulfate heptahydrate EXW price was at RMB 3,300/T; as for the Northeast China market, zinc sulfate heptahydrate was offered at RMB 3,400/T.

➤ *Forecast*

Zinc sulfate market lacked of upward momentum as downstream demand seemed not to improve in short term as a whole. In near future, zinc sulfate price in Central China is expected to be stable-to-upward; price changes in North China might be limited amid loose supply.

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Copper Sulfate

➤ *Market Briefing*

Copper sulfate market performed ordinarily this week due to bad cargo uptake from downstream and thick watching sentiment. On feedstock end, electrolytic copper prices went down. Chalcantite price slid down to RMB 13,950-14,050/T in Shanghai. There's no clear sign touched from fertilizer market yet.

On feedstock end, sulfuric acid market remained largely stable. Quotations from each plant stayed flat. In Shandong, the local government published an announcement on production schemes of peak-averting and shifting in winter. Seven major cities, Jinan, Zibo, Jining, Dezhou, Liaocheng, Binzhou and Heze, were covered. The scheme will start from Nov. 15 and end up on Mar. 15, 2020. In fact, sulfuric acid production might be limitedly affected by this. But production in downstream coking plants and steelmakers will be affected. Road transportation will also be restricted.

➤ *Forecast*

Copper sulfate demand was described as ordinary. With unclear outlooks in downstream, market participants all hold cautious attitude. Distributors became more hesitated and slowed down cargo uptake as a result. In short term, copper sulfate market is anticipated to consolidate.

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Potassium Hydroxide

➤ *Market Briefing*

Potassium hydroxide market moved down with sluggish demand this week. Plants reduced production with high inventories. Downstream MKP plants sharply reduced production under heavy cost pressure, leading to decreasing demand for potassium hydroxide.

Production dynamics: Qinghai Salt Lake Magnesium Industry conducted turnaround from Jun. 8 to mid of Jul. and resumed normal production with low inventories. Jiangsu OCI Chemical conducted turnaround on Jun. 10-24. Shandong Changyi Haineng Chemical halted production during the National Day holiday.

Price assessment: In Jiangsu, 90% solid potassium hydroxide stabilized at RMB 7,500-7,700/T, sent to station, according to the order size and transportation distance. 95% flake potassium hydroxide was offered at RMB 8,500-8,800/T, EXW, with mainstream price at RMB 8,800-9,000/T, sent to station. In Sichuan, price of 90% GB flake potassium hydroxide was at RMB 6,900-7,000/T, sent to station. Offers of 95% flake potassium hydroxide were at RMB 8,800-9,000/T, EXW. Offers of 48% liquid potassium hydroxide were at RMB 3,500-3,600/T, EXW, with delivery price in Sichuan Salt Lake Chemical at RMB 3,200/T. In Tangshan, 48% liquid potassium hydroxide was offered at RMB 3,800/T, EXW, and resources were mainly delivered to surrounding areas. Actual trading price was negotiable. Price of 90% flake potassium hydroxide fell by RMB 200/T to RMB 7,800-8,000/T, sent to station. In Inner Mongolia, offers of 90% ionic-membrane flake potassium hydroxide were at RMB 7,200/T, sent to station. Actual trading price of 48% liquid potassium hydroxide stayed at RMB 3,800/T, sent to station, and the price was different due to the order size.

Key plants: Sichuan Salt Lake Chemical exclusively sold potassium hydroxide products from Qinghai Salt Lake Industry. Price in Oct.: Price of "Salt Flower" first-class GB potassium hydroxide (25KG small package) was at RMB 6,800/T, sent to station by train and payment by spot exchange. And the price was RMB 200/T higher than that in the same period of last year by acceptance. Price of superior-grade potassium hydroxide was RMB 200/T higher than that in the same period of last year. Price of HG potassium hydroxide was RMB 100/T higher than that in the same period of last year. Delivery price of 48% liquid potassium hydroxide kept at RMB 3,200/T. Inner Mongolia Rida Taifeng Chemical had four production lines and annual capacity of potassium hydroxide units was 140,000 tonnes, with daily output at 400 tonnes (flake at 150 tonnes and liquid at 250 tonnes). The units shut down on Sep. 25 and restarted on Oct. 10. Offers of 90% ionic-membrane flake potassium hydroxide were at RMB 7,200/T, sent to station. Actual trading price of 48% liquid potassium hydroxide was at RMB 3,800/T, sent to station, and the price was different due to the order size. Actual trading price was negotiable with inventories.

New unit dynamics: One plant in Hubei was willing to expand production. Sichuan Guang'an would build potassium hydroxide factories again. A new solid potassium hydroxide unit with annual capacity of 10,000 tonnes was added in Shandong Changyi Haineng Chemical in mid of Jul. and had output normally. Offers of 90% flake potassium hydroxide were at RMB 6,600-6,800/T, EXW, and the price was different due to the order size. Liquid potassium hydroxide units kept full-load production, with price of 48% liquid potassium hydroxide in Shandong at RMB 3,600/T, sent to station. Liquid potassium hydroxide units in Sichuan Jinlu Resin restarted before or after Aug. 15. Price of 48% liquid potassium

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hydroxide in Sichuan was at RMB 6,900/T, sent to station and payment by spot exchange, with price at RMB 7,000-7,100/T, by acceptance.

➤ *Forecast*

Affected by the price decline of MOP and soft demand, potassium hydroxide market is expected to perform poorly later. Plants will hold low production amid pessimistic attitude. It is predicted that potassium hydroxide market will register stable-to-down scenario at the end of 2019.

SOP

➤ *Market Briefing*

SOP market prices stabilized weakly. While with higher operation rate downstream, demand support was still not enough during the gap between autumn fertilizer boom and winter stockpiling. Producers thus were eager to throw cargoes for capital return under inventory pressure, with overall trading performance still lackluster however. But by-product hydrochloric acid deals kept on improving with smooth shipments.

Mannheim mainstream 50% powder price was at RMB2,750-3,000/T, EXW and 52% at RMB 2,900-3,100/T with a discount of RMB50-100/T. In Northeast China, 50% powder price was at RMB2,750-2,850/T, EXW and 52% at RMB2,850-2,950/T. Offers of round ran at RMB2,950-3,200/T. In South China, deals closed at high levels with 50% powder mainstream EXW price at RMB3,000/T. Mainstream Qinghai salt-water system powder SOP price was offered at RMB2,500-2,600/T sent to station. Offers were negotiable due to limited deals. Lop Nor produced normally with previous offers continued. Previous market inventories were ready to be shipped out. Regional trading price of 51% power was at RMB2,700-2,750/T and 52% at RMB2,750-2,800/T.

➤ *Forecast*

SOP market now is suffering imbalance of demand and supply. Deals turn warm slightly as market players are eager to sell out for capital return. Now prices remain stable-and-weak and are possible to ease off. Some more demand support is to be expected however.

MOP

➤ *Market Briefing*

MOP market registered stable-and-weak scenario this week. Demand in Northeast China picked up, and then trading price slightly rebounded. However, small ships successively arrived at ports recently, leading to sufficient supply.

As for domestic potash, plants held higher inventories. Regional trading price was at RMB 2,070-2,100T in Salt Lake. Trading price was negotiable. Small plants in Qinghai kept lower production, with price in 57% small plants at RMB1,850-1,900/T, sent to station. Turning to imported potash, port inventory remained at 3 million tonnes above. Shipments were suspended at some ports. Procurement at ports was mostly on need-to basis and on small orders, and actual trading price was preferential.

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Port price edged down amid stable-and-weak scenario. Mainstream offers of 62% Russia white were at RMB 2,250-2,280/T at ports. Russia red price was at RMB2,100-2,130/T. Granular price was at RMB 2,220-2,260/T. Jordan white price was at RMB2,230-2,260/T. Canada white price was at RMB 2,240-2,270/T. In cross-border market, the signing of orders still suspended. Supply was not available for sales.

➤ *Forecast*

Supply and demand were hard to balance, so market insiders were willing to make the deal. Transactions rebounded slightly. Prices sustained stable-and-weak and will move down in small range. So it is still need more demands in aftermarket.

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Urea

➤ *Market Briefing*

Domestic urea market witnessed further decline at a slower pace. In main producing areas, offers dropped by RMB20-50/T to RMB1,650-1,680/T, EXW, while trading prices were assessed at RMB1,600-1,650/T. Plants held inventories at middle-to-high level. Demand was unrecovered yet, in line with the weak demand from agricultural sector and traders and slightly lower operation rate of NPK plants. Demand from slab plants was limited. Late this week, urea market tended to stabilize tracking the coming back pollution crackdown in Shandong and Shanxi. It took no toll on urea supply yet as many producers involved currently dared not to keep full production. But it is sure that supply is difficult to increase. More than that, with urea price at current level, some producers had slipped into the red and may consider curbing production or switching to other products then. On balance, urea market was deeply weak amid a lack of market confidence due mainly to the sluggish demand.

According to BAIINFO, average daily output was at 133,200 tonnes, down nearly 3,000 tonnes WoW. On Oct. 31, urea daily output was at 137,700 tonnes, up 4,000 tonnes YoY. Operation rate was at 63.15%, up 1.05% WoW. Operation rate of coal-based plants was at 62.59%, up 2.04% WoW. Operation rate of natural gas-based plants was at 65.46%, down 1.83% WoW. In the second half of this month, Hebei Dongguang Fertilizer, Hebei Cangzhou Zhengyuan, Mingshui Dahua Group and Shandong Yangmei Pingyuan planned to conduct turnaround. Urea daily output is likely to drop to 133,000 tonnes.

As for price, in Shandong, mainstream prilled offers were at RMB1,660-1,720/T, EXW. Mainstream industrial trading price was at RMB1,630-1,670/T. In Linyi, delivery price was at RMB1,690/T. In Heze, delivery price was at RMB1,660-1,670/T. In Henan, mainstream prilled offers were at RMB1,650-1,690/T, EXW. Mainstream industrial trading price was at RMB1,580-1,620/T. In Shangqiu, mainstream delivery price was at RMB1,670-1,680/T. In Jincheng of Shanxi, mainstream granular and prilled offers were at RMB1,560-1,600/T by truck. Mainstream prilled offers in Northern and Southern Xinjiang were at RMB1,350-1,400/T and RMB1,420-1,450/T respectively, EXW. In Guangdong and Guangxi, market price was at RMB1,780-1,850/T.

Upstream and Downstream Markets: In upstream, coal market fell back. Coal supply was stable-to-up at the end of this month. However, demand for coal decreased amid peak-averting production in steel, cement and building material industries. Inventory inflation thus weighed down price. In downstream, NPK winter stockpiling condition may become much clearer in mid Nov. NPK operation rate would be just slightly changed restrained by environmental check and trading factors.

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➤ *Forecast*

Urea producers would suffer much stricter environmental inspections when entering the heating season in Nov. Other than the turnaround plans in main producing areas, some urea producers may consider curbing production or switching to other products in current market scenario, supply in Nov. thus may see some changes. Moreover, export performance may be driven by international market changes, domestic demand then would be boosted accordingly. In general, current urea market has limited downward potential ahead, yet still needs momentum to see rebound.

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Nitric Acid

➤ *Market Briefing*

Domestic concentrated nitric acid market showed an obvious downward trend with inactive deals. Mainstream plants kept a weak and stable production, which guaranteed a steady acid supply. At end of this week, downstream procurement became more active, which accelerated aniline inventory clearance. Concentrated nitric acid market remained range-bound and stabilized. In upstream, the nationwide liquid ammonia trend was not promising despite of regional recovery caused by a short supply. In downstream, high profit achieved due to a rapid price rising in domestic aniline market. Till now, regional offers of concentrated nitric acid were as followings: In Shandong at USD 271/T, in Jiangsu at USD 229/T, in Shaanxi at USD 164/T, in Sichuan at USD 314/T and in Henan at USD 257/T.

➤ *Forecast*

Raw materials liquid ammonia remained stable and consolidated, so cost support was not enough. With the increase of mainstream downstream procurement, the imbalance between supply and demand eased. Terminal procurement was not active enough to support demand, thus the abundant supply led to oversupply. Market players stayed on sidelines. Nitric acid market is expected to consolidate with a possible decline of USD 7/T.

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Phosphoric Acid

➤ *Market Briefing*

In phosphate market, mainstream price holds steady this week (starting from Oct. 25, 2019). And sellers focus on commitments. On price, yellow phosphorus price inched up this week. Mainstream enterprises in East China and Central China provided stable offers amid watching mood. And in South China, several offers edged up, but dealing price needed negotiation. Wet-process phosphate price increased by RMB 100-150/T. On supply, mainstream phosphate plants in East China and Central China kept normal operation. Some halted plants in Southwest China had not resumed yet. In South China, several plants adjusted operation rate according to accepted fresh orders. On demand, some phosphate plants focus on maintaining old clients' orders and keep stable shipment. Some plants had fewer orders.

Phosphoric Acid-85% (Industrial Grade)

In Southwest China, offer in Sichuan was RMB 5,200-5,600/T, EXW, unpacked. Offer was RMB 5,500/T for 85% phosphate in Yunnan, unpacked, EXW. And mainstream trading price was RMB 5,300-5,400/T

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in Yunnan. EXW price of wet-process phosphate was RMB 4,850-4,900/T in Sichuan, RMB 5,100-5,150/T in Guizhou.

In South China, offer was RMB 5,700/T in Guangxi, unpacked, EXW. And mainstream trading price was RMB 5,500-5,600/T.

In Central China, no offer in Hubei and Henan. Offer was RMB 5,600/T in Hunan, unpacked, EXW. Mainstream dealing price was heard at RMB 5,500-5,600/T.

In East China, offer was RMB 6,000/T in Jiangsu, unpacked, EXW. And mainstream trading price was RMB 5,800-6,000/T. In Shandong, offer was RMB 6,000/T, unpacked, EXW. In Jiangxi, offer was RMB 5,700/T, unpacked, EXW.

Phosphoric Acid-85% (Food Grade)

In Southwest China, no offer in Sichuan. In Yunnan, offer was RMB 5,550/T, unpacked, EXW. Offer of wet-process phosphate was RMB 4,900-4,950/T in Dazhou, Sichuan and RMB 5,150-5,200/T in Guizhou. In South China, offer was RMB 5,700/T in Guangxi, unpacked, EXW. Export offer was USD 890-910/T, FOB in Fangchenggang.

In East China, price was RMB 6,000/T in Jiangsu, unpacked, EXW, and mainstream trading price was RMB 5,800-6,000/T. Offer was RMB 6,500/T in Shandong, unpacked, EXW. In Jiangxi, offer was RMB 5,800/T, unpacked, EXW.

➤ Forecast

Phosphate market is predicted to hold steady under pressure shortly. As yellow phosphorus price holds upward potential, phosphate price is to correct amid watching mood. Mainstream plants focus on commitments. And downstream plants purchase on rigid demand.

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Yellow Phosphorus

➤ Market Briefing

This week, yellow phosphorus market inched up by RMB 100/T with buyers mostly on the sidelines. On one hand, the hike of electricity price in November stimulated the tentative increase of yellow phosphorus price. On the other hand, plants mainly delivered received orders. Spot goods remained tight as individual plants were reluctant to sell yellow phosphorus, slightly driving up prices.

In terms of supply, utilization rate at yellow phosphorus edged up overall. Main factor was that some enterprises out of operation resumed production in Sichuan, increasing 4 electric furnaces. Utilization rate slid down in Guizhou as some plants continuously shut down in Shibing. According to the statistic of BAIINFO, as of press time, operation rate at yellow phosphorus was at 41.55%.

Demand for yellow phosphorus remained lukewarm. As for thermo-phosphoric acid, phosphorus pentoxide and red phosphorus products, buyers seemed cautious about procurement, waiting and seeing yellow phosphorus prices in the coming market. Individual suppliers reduced operation rate at glyphosate, lowering the demand for raw materials. Reference price:

Yellow phosphorus prices in mainstream procurement area (sent to station price with barrel packed): Shandong: RMB 19,200-19,600/T. Jiangsu: RMB 19,200-19,600/T. Anhui: RMB 19,200-19,600/T. Tianjin: RMB 19,300-19,700/T. Northeast China: RMB 20,000-20,400/T. Guangxi: RMB 18,700-19,100/T.

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Yellow phosphorus market overview in China's main producing areas:

Yunnan: Prices stood higher by RMB 100/T. Individual plants raised their offers with negotiable deal prices. Many plants performed orders, but some were unwilling to sell products. Particular enterprises out of operation had resumed production this week, uplifting output overall. According to the statistic of BAIINFO, by press time, utilization rate at yellow phosphorus in Yunnan was at 50.43%. Mainstream acceptance price of net phosphorus came in at RMB 18,800-19,000/T, EXW, with mainstream acceptance deal price at RMB 18,300-18,600/T.

Guizhou: There is no quotation for yellow phosphorus in Guizhou. Operation rate remained low level as only particular enterprises in Wengan were in production. Other enterprises out of operation had not restart with uncertain recovery time. According to the statistic of BAIINFO, as of press time, utilization rate at yellow phosphorus in Guizhou was at 13.76%.

Sichuan: Mainstream market was described as flat with merchants mainly sending previous orders instead of rushing to receive new. Individual plants slightly raised their offers, reducing low-level products. According to the statistic of BAIINFO, utilization rate at yellow phosphorus in Sichuan was at 44.58%. Mainstream acceptance price of net phosphorus came in at RMB 18,500-18,800/T, EXW, with mainstream acceptance deal price at RMB 18,300-18,600/T.

Hubei: Yellow phosphorus products were mainly purchased from other regions.

➤ Forecast

Yellow phosphorus market is likely to sustain consolidation with potential upward space.

Bullish factors:

Firstly, prices would be pushed up with stable shipments temporarily.

Secondly, plants intend to raise their offers in that electricity price will soar. Therefore, market is expected to go higher with tight low-end supply.

Thirdly, environmental protection inspection - cross check of "phosphate ore, phosphorus chemical and phosphogypsum storehouse", which should start on Oct. 23, have not started yet. It is heard that the cross check would be delayed with uncertain time. It is necessary to pay attention on this issue.

Bearish factors:

Yellow phosphorus prices are in lack of support by downstream demand. As for thermo-phosphoric acid, phosphorus pentoxide and red phosphorus market, buyers seem unacceptable to purchase high prices raw materials. Thus, rises in yellow phosphorus are limited. Besides, overhaul on some glyphosate plants will start in Nov., weakening demand for yellow phosphorus.

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➤ Phosphorus Product Price

Phosphorus Product Price in China Producers (Unit: RMB/T)					
Product	Regions	31-Oct-19	25-Oct-19	Change	Remarks
Phosphate Ore	Guizhou(30%,VAT)	370	370	0	FOR
	Hubei(30%,VAT)	445	445	0	FAS
	Hubei(28%,VAT)	400	400	0	FAS
	Yunnan(29%,VAT)	330	330	0	FOR, to other regions
	Sichuan (28%,delivery to Ma- bian)	280	280	0	Delivery price
	Sichuan	230	230	0	Delivery price

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	(26%,delivery to Ma-bian)				
	Hebei (24%,fine)	600	600	0	Mainly for shareholders
	Guizhou	18,200	18,200	0	No public prices temporarily
	Shandong	19,400	19,300	↑ 100	Send to station: RMB19,200-19,600(spot exchange)
	Jiangsu	19,400	19,300	↑ 100	Send to station: RMB19,200-19,600(spot exchange)
Yellow Phosphorus	Anhui	19,400	19,300	↑ 100	Send to station: RMB19,200-19,600(spot exchange)
	Tianjin	19,500	19,400	↑ 100	Send to station: RMB19,300-19,700(spot exchange)
	Northeast China	20,200	20,100	↑ 100	Send to station: RMB20,000-20,400(spot exchange)

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Sulfur

➤ Market Briefing

This week, domestic sulfur prices in Sinopec refineries mainly fell with regional adjustment varied. In South China, sulfur prices edged down slightly due to limited shipments. In Shandong, downstream plants had frequent procurements in the previous period. The current prices were hard to maintain due to soft market and overhaul of some plants. In East China, liquid sulfur price was reduced to boost shipments. The safety and environmental protection inspection of Lianyungang Industrial Park passed and plants resumed production. In North China, hit by low-priced cargoes in Northeast China, refineries' sulfur prices fell back and consolidated. This week, Puguang Gasfield sulfur price at Wanzhou Port ran at RMB 610/T, down by RMB 10/T, while solid and liquid price at Dazhou was RMB 560/T, down by RMB 30/T.

Forward price kept dropping. It was heard that transaction price along Yangtze river was at high-USD 60/T, CFR, while the mainstream negotiated price in Southwest was stabilized at middle-USD 60/T, CFR. The official contract price of Kuwait in November is USD 42.5/T, FOB, down USD 3.5/T over last month.

There were 2.31 million tonnes stocks in China main port by Oct.31.

The inventory at Zhenjiang Port and Nanjing Port were 1.28 million tonnes and 170,000 tonnes, respectively. Sulfur in Zhenjiang Port was mainly transported back to the factory, thus the stock decreased compared with the same period of last week. Market transactions at ports were bleak with the main procurement from factories. Domestic mainstream transaction price kept stable-and-weak due

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to the negative demand and supply, and were offered at around RMB 585-590/T this week.

There were about 450,000 tonnes stocks at Fangcheng Port, and the total inventory at Southwest ports increased. While the spot trade at ports was slack as transporting the goods back to the factory from the port in the near factories consumed the inventory. Downstream procurement amount in Shandong decreased, besides, liquid sulfur at ports was slowly transported back to the factory without any new negotiated price from Japan and Korea

Domestic sulfur stock was adequate, while the market transaction at ports, which was affected by the unchanged phosphatic fertilizer market, remained sluggish with the main deals from factories. At present, import cost couldn't well support the spot price, bringing pessimistic mood on aftermarket. However, mainstream holders held steady attitude and were not willing to stimulate the market with the price lower RMB 600/T.

➤ **Forecast**

For phosphates, winter stockpiling had not started yet. Plants lacked new orders thus deals were negotiable. Raw material inventory and phosphates inventory were higher than the same period of the previous year, so phosphates operation rate will stay at low level shortly. BAIINFO learned that phosphate plants had no procurement plan next week with an abundant inventory. Domestic sulfur traders could not buy at ideal prices despite of US dollar depreciation. Sulfur price is not likely to drop sharply without other negative factors. Port prices will remain weak and stable. The mainstream trading price at ports along the Yangtze River is expected to run at RMB 575-585/T next week.

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