

Soda Ash Monthly

Aug. 2018

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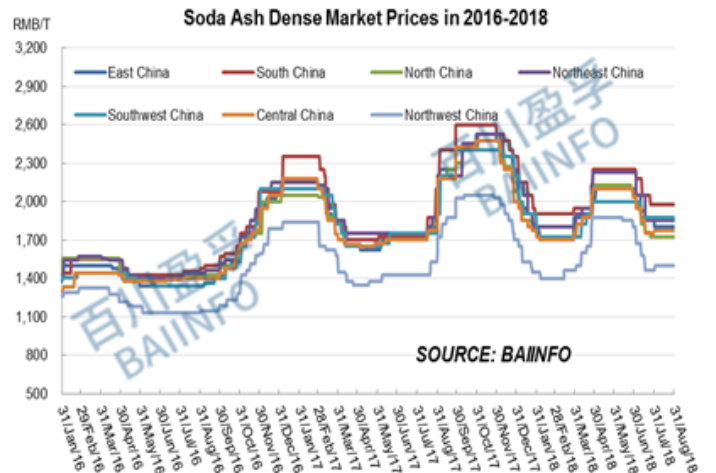
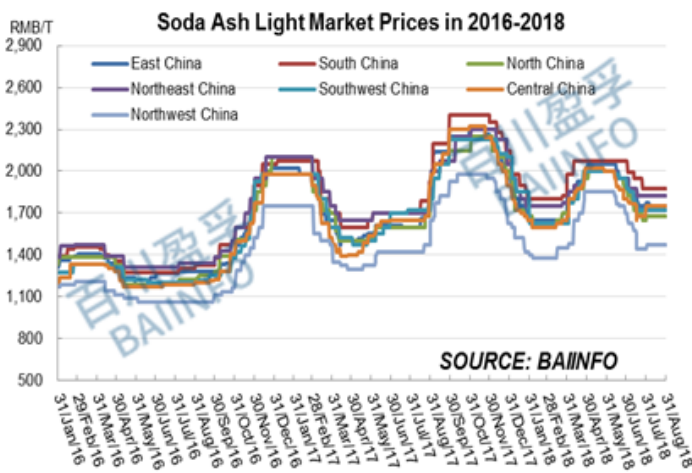
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MARKET REVIEW

Soda Ash

In Aug., China's soda ash price registered downward movement by RMB 50-100/T in overall. High end prices dropped further while low end prices remained flat. Inventory kept by domestic soda ash plants declined rapidly since supply was restricted on one hand, on the other procurement from end-users expanded. Many plants conducted turnarounds this month, especially in East China and Middle China. In overall, domestic soda ash market met some corrections and then stabilized later.

The losses-making producers adjusted operating rate accordingly. BAIINFO had learned that some major soda ash plants in East China cut production and ammonia alkali enterprises also reduced heavy soda ash outputs.



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Ammonium Chloride

In August, ammonium chloride market was stronger with main producers raising prices by RMB50/T. On bullish mood, producers even refused to accept some orders or committed to earlier orders. Early this month, fresh deals were heard as limited and mostly as small orders on generally low inventories. In the middle of this month, urea market turned better and ammonium chloride market was assessed as largely steady. Then producers generally raised prices slightly with good trading performance, which tightened supply further. This round of price gain was due mainly to the imbalance between supply and demand under environmental protection pressure. Lots of producers were urged to halt or cut production. Earlier halted producers had yet to resume production. The generally low production and cost increase surely boosted price.

In Jiangsu, ammonium chloride offers stayed high on active shipments. Local market was amply supplied with producers still optimistic. In Southwest China, partial enterprises conducted turnaround and some producers refused partial orders and suspended offers. In Hunan and Hubei, supply increased somewhat with cargoes mostly delivered to surrounding regions.

Central China market was stable-to-upward amid bullish mood.

Market Forecast: Recent ammonium chloride market kept rising tentatively with producers successively pushing up prices. Most producers had order backlog till September. Short-term ammonium chloride market is expected to keep bullish consolidation.

Contributing Factors and Forecast:

1. Soda ash prices remain low with low inventory condition. Recent inventories are consumed fast and supply from each producer trends to tighten.
2. Now in Shahe region, six production lines in glass industry are scheduled to halt for turnaround, among which four lines were already in halt. Surely in a short run demand for soda ash heavy would be narrower. But from long-run perspective, the lower output of glass combined with the low cost from soda ash would further boost production incentive among other glass producers. Then demand for soda ash heavy would trend up.
3. Some producers halted for turnaround, which tightened the supply of soda ash as a whole.
4. Now supply of soda ash is assessed as low in line with the long-term halt and turnaround conditions in some producers. Current reversed condition of soda ash heavy price urges some enterprises to adjust production ratio. Overall output of soda ash heavy tightens as a result.

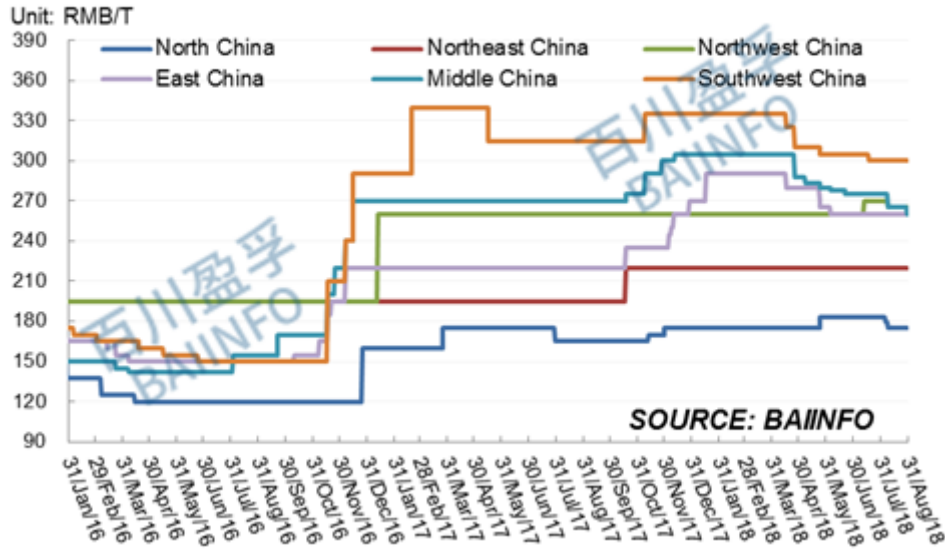
BAIINFO Forecast: In September, soda ash supply would remain tight with production possibly raised moderately. Approaching to traditional boom season of “Golden September and Silver October”, soda ash market is hopeful to climb up.

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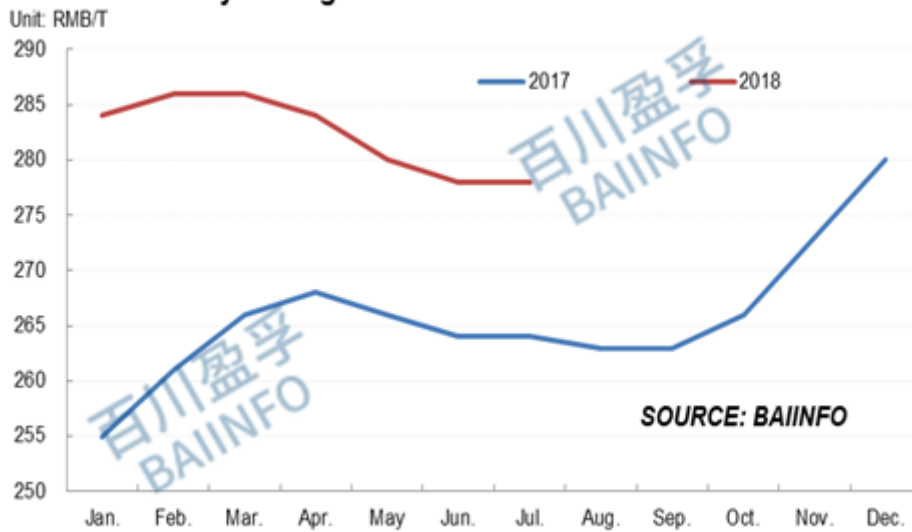
Upstream Market

Raw Salt

China's Raw Salt Market Prices



Monthly Average Price of Chinese Raw Salt in 2017-2018



In Aug, overall raw salt trading price moving down, with changes in some regions. In Shandong, low rock salt price moved up by RMB 18-30/T this month. In Shandong, low rock salt price rose. But in other provinces, overall rock salt price showed downward trend. On the one hand, output improved and due to fierce competition in rock salt market, price retreated properly. On the other hand, in Aug, chlor-alkali units were shut down in some plants. Soda ash units were shut down in some plants in Shandong and Qinghai. Affected by units overhaul, production capacity increased. Besides, delivery of imported raw salt ran stable. In late Aug, imported salt traders intended to raise the price, but demand for industrial salt did not increase in caustic soda and soda ash plants.

On production front, in Aug, raw salt plants produced normally. In middle and late Aug, due to hurricane and flood, some brine pans in Shandong were damaged, and autumn salt production in Oct will be affected. Thus, salt farmers intended to raise the price.

According to BAIINFO, national industrial salt average price for big customers ranged at RMB 276/T, slightly down compared with that in Jul.

Imported Salt: Indian first grade price was at USD 30-35/T, CIF. Some long-term orders' prices were at USD 29.5-31/T. Australian salt price was at USD 38-45/T, CIF. Some long-term orders' prices were at USD 35-38/T.

Sea Salt: In Hebei, price was at RMB 185-200/T. In Shandong, price was at RMB 165-168/T. In Liaoning, price was at RMB 220/T. (Note: standard sea salt, VAT included)

Rock Salt: In East China, price was at RMB 260-290/T. In Shandong, price was at RMB 180-190/T. In Henan, price was at RMB 230-245/T. In Hubei, price was at RMB 250-270/T. In Hunan, price was at RMB 270-290/T. In Shaanxi and Gansu, price was at RMB 280-290/T. In Sichuan and Chongqing, price was at RMB 260-270/T. In Yunnan, price was at RMB 340-365/T. (Note: wet rock salt, in bulk, VAT included)

Lake Salt: In Qinghai, lake salt varied greatly in load distance and quality. In Inner Mongolia, lake salt price mainly kept at RMB 160-170/T, VAT included, in bulk. Some prime salt prices kept at RMB 220-230/T, VAT included, in bulk.

Downstream Procurement Price:

1. Caustic soda and soda ash procurement price remained stable in East China: In Jiangxi, provincial wet industrial salt price for big customers ranged at RMB 280-310/T, in bulk, and wet salt price for caustic soda and soda ash usage was at RMB 310-350/T, sent to factory, in bulk. In Jiangsu, wet industrial rock salt price for big customers ranged at RMB 270-280/T, in bulk, VAT included. Dry industrial salt price for small customers stood at RMB 320-340/T, VAT included, 50-KG BAG. In Anhui, wet industrial rock salt price for big customers ranged at RMB 290-305/T, in bulk. Wet salt price for caustic soda and soda ash usage was at RMB 340-350/T, sent to factory, in bulk. In Jiangsu, wet rock salt price was at RMB 335-340/T sent to downstream Anhui, in bulk. In Zhejiang, wet industrial salt price for big customers ranged at RMB 320-340/T, sent to factory, in bulk, VAT included.

2. Caustic soda and soda ash procurement price kept stable in Central China: In Henan, wet industrial rock salt price for big customers ranged at RMB 230-255/T, in bulk, VAT included. Dry industrial salt price for small customers stood at RMB 270-280/T, VAT included, 50-KG BAG. In Hunan, mainstream wet industrial rock salt price for big customers was at RMB 270-300/T, in bulk. Dry industrial salt price for small customers stood at RMB 320-340/T, 50-KG BAG, VAT included. In Hubei, dry industrial rock salt price stood for big customers at RMB 260-270/T, in bulk, VAT included. Some dry industrial salt price stood at RMB 275-285/T, 1-Tonne BAG, VAT included. Dry industrial salt price for small customers stood at RMB 290-300/T, 50-KG BAG, VAT included.

3. Caustic soda and soda ash procurement price remained unchanged in other regions: In Sichuan, wet industrial rock salt price for big customers ranged at RMB 260-270/T, in bulk, VAT included. Dry industrial salt price for small customers stood at RMB 290-300/T, VAT included, 1-TONNE BAG. In Chongqing, wet industrial rock salt price for big customers ranged at RMB 260-270/T, in bulk, VAT included. In Fujian, wet industrial salt price for big customers ranged at RMB 460-470/T, sent to factory, in bulk. In Guangxi, local wet industrial salt price for big customers kept at RMB 460/T, sent to factory, in bulk. In Shanxi, wet industrial salt price for big customers was at RMB 360-375/T, sent to factory, in bulk.

Affecting Factors:

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1. In Sep, snow-melting agent's demand for salt increased, favorable to salt delivery.
 2. Imported salt arrived at the ports stably, and imported salt price in Sep intended to go up, which was favorable to domestic salt price.
 3. In Sep, operation rate of sea salt ran down, and salt farmers were reluctant to sell. With favorable elements in some regions, salt price may be raised.
 4. Environmental protection policies have released, and an inspection will start, covering Beijing, Shanghai, Guangzhou, Hunan, Hubei, Shaanxi, Gansu, Liaoning, Tianjin, Shanxi, Guizhou, Chongqing, Anhui and Fujian.
 5. New capacity was released, impacting the market. Output increased intensively in rock salt industry.

In sum, overall trading activities will have rising space for domestic raw salt market, and price change rate of national salt will range at RMB 5-10/T.

Market Forecast:

In sum, in Aug, domestic raw salt market will be faced with sales pressure. Domestic raw salt price will consolidate narrowly. Overall salt price change will range at RMB 3-5/T.

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Thermal Coal

In August, domestic thermal coal market prices slid down generally despite of the traditional peak demand season.

Market Forecast:

Due to ample rainfalls, hydroelectric power was more popular recently. Overall, thermal coal market prices are expected to be stable-to-soft.

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Downstream Glass Market

Market Review:

In early Aug., China's glass market extended the uptrend amid solid supported from both environment concerns and feedstock prices. Later, price rise was reported frequently. Shipment was observed as healthy and the market confidence was boosted. Since 15 million weight cases of glass was halted production due to environment concerns, average price of glass increased RMB 20/T during two week.

Market Forecast:

Glass plants held sufficient inventory and further price rise would be seen in the traditional peak season in Sep. Producers are expected make good profits this month.

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STATISTICS

Market Price of Chinese Soda Ash in Aug., 2018

Unit: RMB/T (VAT included)

Region	Soda Ash Dense			Remarks
	Aug. 2018	Jul. 2018	Change	
East China	1,850	1,958	↓ 108	delivered to the station
South China	1,975	2,106	↓ 131	delivered to the station
North China	1,725	1,865	↓ 140	delivered to the station
Northeast China	1,855	1,997	↓ 142	delivered to the station
Southwest China	1,875	1,926	↓ 51	delivered to the station
Central China	1,775	1,859	↓ 84	delivered to the station
Northwest China	1,499	1,580	↓ 81	delivered to the station

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Average Market Price of China Raw Salt in Aug., 2018

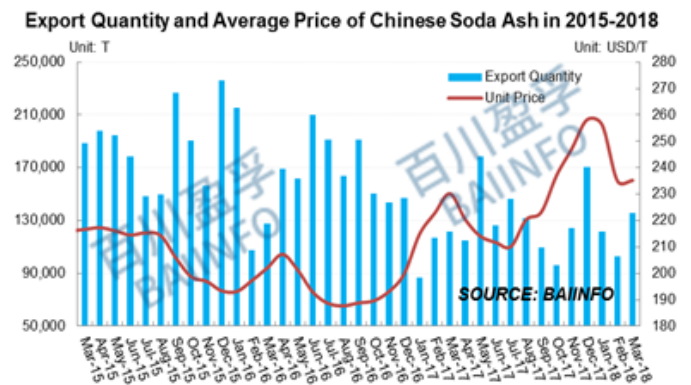
Unit: RMB/T (VAT included)

Region	Aug. 2018	Jul. 2018	Change
North China	177	183	↓ 6
Northeast China	220	220	0
Northwest China	266	266	0
East China	260	260	0
Middle China	268	275	↓ 7
Southwest China	300	303	↓ 3
South China	438	438	0

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Import and Export Statistics of Chinese Soda Ash in Mar., 2018

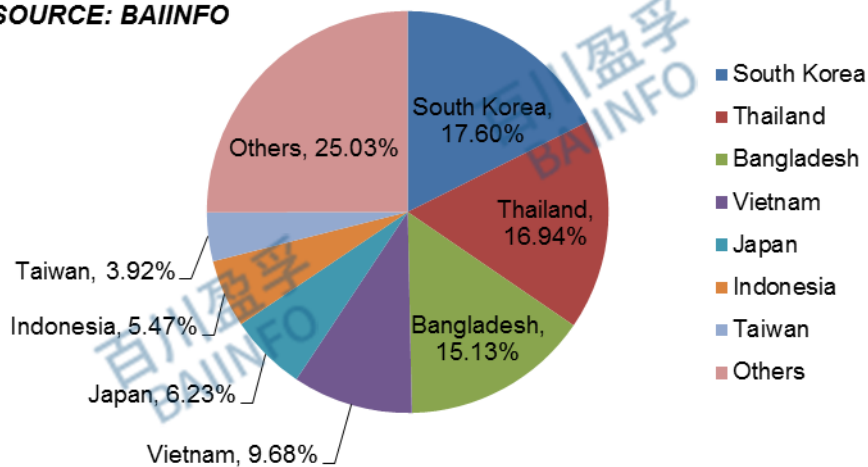
Customs statistics showed that China exported 135,553 tonnes of soda ash in Mar., 2018, which was up 32.11% month-on-month. Monthly average export price was USD 235.19/T. Soda ash import volume in China was 35,446 tonnes.



In Mar., 2018, the volume of Chinese soda ash exported to South Korea, Thailand, Bangladesh and Vietnam was 23,800 tonnes, 22,900 tonnes, 20,500 tonnes and 13,100 tonnes respectively, accounting for 17.6%, 16.94%, 15.13% and 9.68% respectively.

Export Quantity of Chinese Soda Ash by Countries/Regions in Mar., 2018

SOURCE: BAIINFO



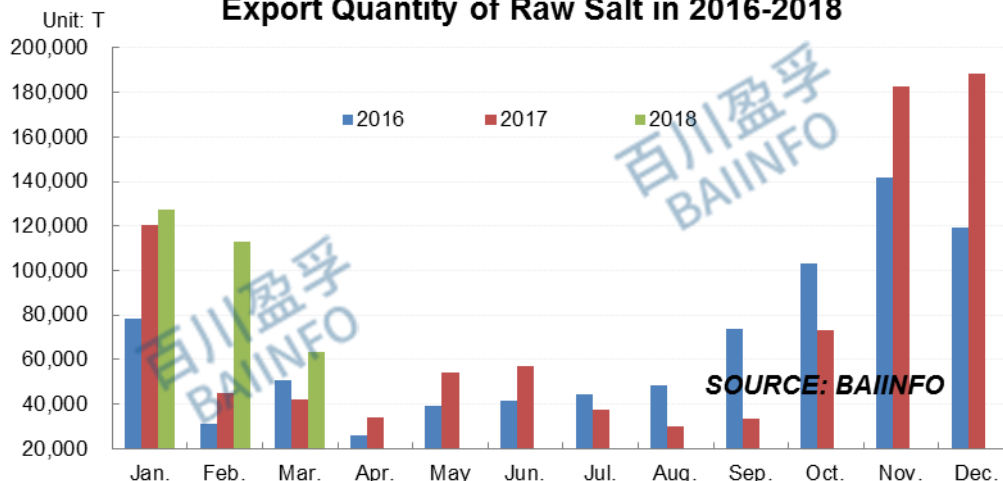
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Export Data and Analysis of Raw Salt

In the first quarter of 2018, China totally exported 304,000 tonnes of raw salt and the average export price was USD 55.4/T. Compared with 2017, the export volume increased significantly. In Jan.-Jun. 2017, the total export volume of raw salt was 354,000 tonnes and the average export price was USD 51.5/T.

Month	Exp. Qty in 2018 (Tonne)	Unit Price in 2018 (USD/T)	Exp. Qty in 2017 (Tonne)	Unit Price in 2017 (USD/T)
Jan.	127,504	55.7	120,705	47.0
Feb.	113,160	56.2	45,174	50.2
Mar.	63,649	54.2	42,276	51.0

Export Quantity of Raw Salt in 2016-2018



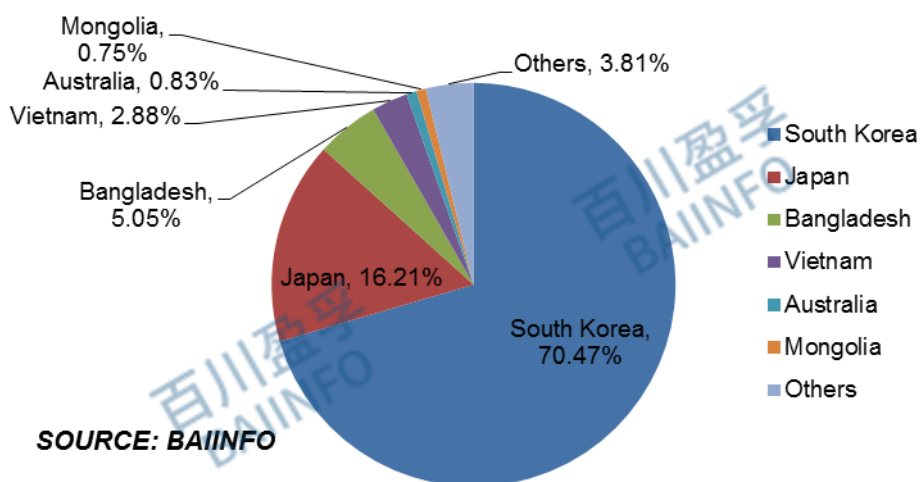
SOURCE: BAIINFO

Customs statistics showed that China exported raw salt mainly to Japan, South Korea, Bangladesh, Australia and Vietnam.

In Jan.-Mar. 2018, the quantity of raw salt exported to Japan, South Korea, Bangladesh, Australia and Vietnam were 151,273 tonnes, 126,479 tonnes, 8,636 tonnes, 4,413 tonnes and 3,221 tonnes respectively, accounting for 49.71%, 41.56%, 2.84%, 1.45% and 1.06% respectively.

Exp. Qty (Tonne)	Jan.	Feb.	Mar.	Total	Proportion
Japan	84,294	56,662	10,317	151,273	49.71%
South Korea	33,167	48,456	44,855	126,479	41.56%
Australia	2,493	1,392	528	4,413	1.45%
Bangladesh	2,237	3,186	3,213	8,636	2.84%
Vietnam	1,131	260	1,830	3,221	1.06%

Export Quantity of Chinese Raw Salt by Countries/Regions in Mar., 2018



SOURCE: BAIINFO

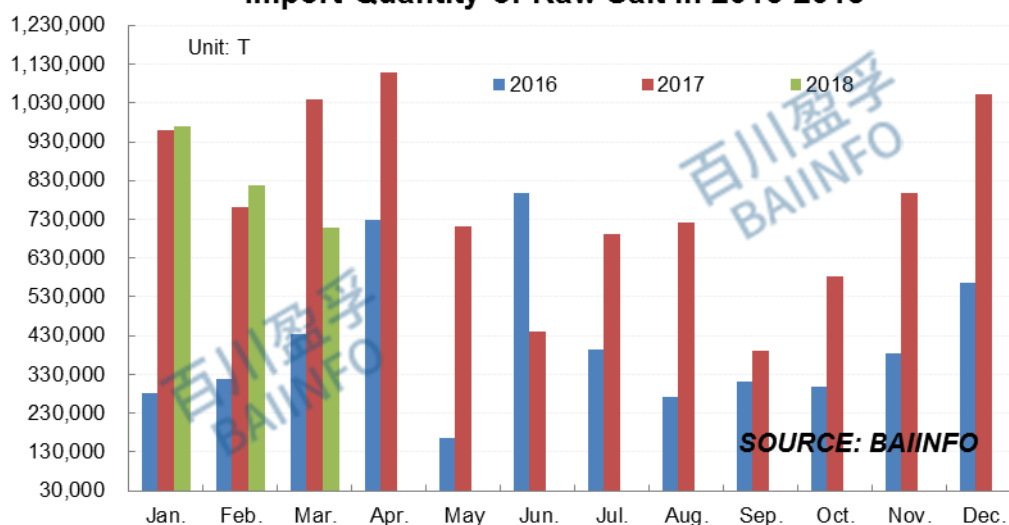
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Import Data and Analysis of Raw Salt

In the first quarter of 2018, China totally imported 2,497,000 tonnes of raw salt and the average import price was USD 31.1/T. Compared with 2017, the import volume decreased by 26,000 tonnes. In Jan.-Jun. 2017, the total import volume of raw salt was 2,760,000 tonnes and the average import price was USD 25.4/T.

Month	Imp. Qty in 2018 (Tonne)	Unit Price in 2018 (USD/T)	Imp. Qty in 2017 (Tonne)	Unit Price in 2017 (USD/T)
Jan.	971,403	30.9	960,869	22.8
Feb.	817,917	31.8	759,988	26.5
Mar.	707,500	30.5	1,039,437	26.2

Import Quantity of Raw Salt in 2016-2018

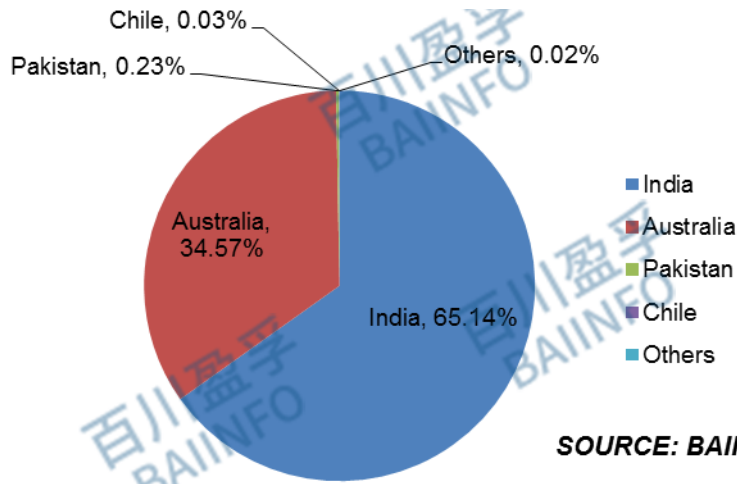


Customs statistics showed that China imported raw salt mainly from India, Australia, Pakistan, Chile and Germany.

In Jan.-Mar. 2018, the quantity of raw salt imported from India, Australia, Pakistan, Chile and Germany were 1,927,763 tonnes, 511,421 tonnes, 3,589 tonnes, 712 tonnes and 351 tonnes respectively, accounting for 77.21%, 20.48%, 0.14%, 0.03% and 0.01% respectively.

Imp. Qty (Tonne)	Jan.	Feb.	Mar.	Total	Proportion
India	714,305	752,585	460,873	1,927,763	77.21%
Australia	219,093	47,718	244,610	511,421	20.48%
Pakistan	846	1,082	1,661	3,589	0.14%
Chile	352	168	192	712	0.03%
Germany	103	138	109	351	0.01%

Import Quantity of Chinese Raw Salt by Countries/Regions in Mar., 2018



SOURCE: BAIINFO

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BAIINFO Soda Ash Monthly Report Is Issued by BAI CHUAN INFO CO., LTD.

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