



Policy Headline

Increased Profit in Fertilizer Producer Industry

In the first quarter of 2013, the chemical industry added value grows by 12.2% and the rate slows down by 1.3% year-on-year. As to staple products, the plastic of primary shape yields 13.52 million tonnes, up 3.8% year on year, and growth rate slows by 5.5%; Synthetic rubber production 1.01 million tons, 1.9% growth, slow down 7.8%; Synthetic fiber production 8.32 million tons, 5.3% growth, slow down 6.5%. On January and February, the chemical industry achieved a profit of RMB 42.49 billion, up 12.1% from a year earlier. Among them, the fertilizer manufacturing profit is 4.38 billion yuan, an increase of 18.6%.

Promising Potash Contract Price in 2H13

International potash suppliers in the FMB meeting said, China contract price is to rise by \$30 at least in the second half of 2013, not lower than India. In response, the industry said this could help the domestic potash prices stabilized. Domestic potash prices should not be reversed in the short term triggered by the desire; but at least it gives the future a hope, and helps the potash market out of the slump for more than two years.

Central Government Budget of 170 Billion Subsidy

The budget reports, the central government is to allocated 170.055 billion yuan on four subsidies, i.e., direct subsidies to grain, agricultural materials, superior seed varieties and farm machinery purchase. Officer in the ministry of finance said, the central government continues to grant direct subsidies to grain farmers in 2013, a total of 15.1 billion yuan. Subsidies in principle are granted to farmers engaged in food production.

Market Focus: Gasoline and Diesel Price Deduction

National Development and Reform Commission issued, the prices of gasoline and diesel are cut by 395 yuan and 400 yuan respectively based upon the extant refined oil pricing mechanism. It's calculated that the retail price of 90 # gasoline and 0 # diesel oil (average) per liter are cut by 0.29 yuan and 0.34 yuan respectively. The execution time is 24:00, April 24, 24.

Market

Urea market

Domestic urea market continued to decline; no good news prop up the market and the market downturn to clinch a deal. In March, the total production is 6.1813 million tons, up 19.62%; the total export volumes 201000 tons in China. The poor market lies in the lack of positive market support, no momentum for price rebound. It's expected that urea market in the short term continues to slump.

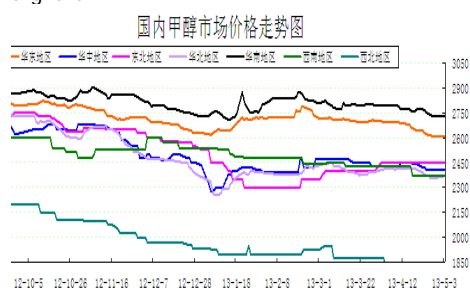
Urea: Continued weak domestic market
 Average monthly ex-factory price: RMB2121/ton
 Average monthly FOB price: USD380/ton



Methanol: Continued gloomy price

This month price continues to fall, because of lack of trade confidence resulted from the slight transaction in the downstream market and the overall overcapacity in seasonal maintenance. In March, import volume reaches 532000 tons, 34.45% up month-on-month; exports 16000 tons, 99.19% up month-on-month. GDP is weaker than expected, methanol futures continue to decline, the spot market has a negative view. In the short term, the port market is vulnerable to decline slightly.

Average Monthly Ex-factory Price: RMB2480/ton
 slight fall



Ammonia: Huge Wave

Liquid ammonia price has a huge fluctuation especially upon the heavy impact of continued falling urea price. The prices in Anhui, Shandong, Jiangsu are cut by 50-100yuan(tons of price, similarly herein after), and 150 yuan at most. Early next month, partial producers intend to resume operation. The urea market remain gloomy. If the transaction is still stymied, it's possible to increase the ammonia volume. In general, the future market remains weak and price is hard to rebound.

Average ex-factory price: RMB3140/ton

