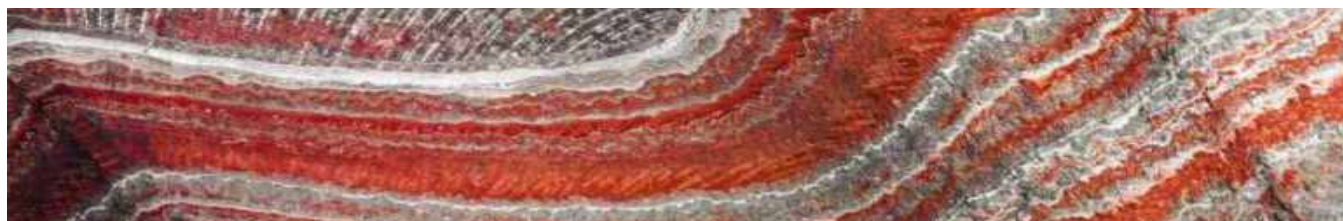


# Argus Quarterly Potash Outlook



## Outlook

### The month ahead

MOP prices are expected to soften modestly in the near term, supported by ongoing commitments in Asia, particularly to India and China. Suppliers are keeping downward price adjustments small and gradual, despite low liquidity and subdued demand in markets such as the US and northwest Europe.

### The next 3-6 months

As the market moves through the fourth quarter and into early 2026, price sentiment is expected to soften gradually. The seasonal lull in demand will inevitably weigh on MOP prices. Exports are expected to remain healthy and more than meet any early demand for the spring season in western markets. Low inventories in China will slow price erosion, but fresh seaborne arrivals into China and India under new contracts will alleviate supply constraints. Given affordability hurdles, elevated prices, and seasonally weaker demand, we expect prices to gradually decline until the end of the first quarter. But as we move closer to the spring season, prices will begin to stabilise, and the global balance will tighten.

### 12 months forward

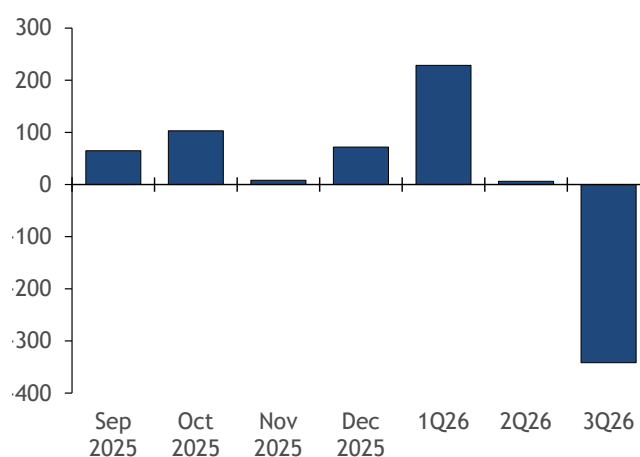
Looking further ahead, while seasonal price rises will develop, the global MOP market is expected to trend at a lower average price level compared with peaks in 2025. Sustained affordability challenges, the arrival of new supply and maintained strong exports will impact trade flows and increase competitive pressure. We expect this additional supply to more than offset growing demand in Asia-Pacific and Brazil. As a result, prices will trend lower over the year, but are likely to remain at historically high levels.

Forecast potash prices	\$/t					
	Oct	Nov	Dec	1Q26	2Q26	3Q26
Vancouver fob	285-329	281-326	272-321	259-296	259-294	267-304
FSU fob	279-304	275-300	276-296	259-273	257-274	262-282
Southeast Asia cfr	360-385	355-380	355-375	338-350	337-348	343-358
Brazil cfr	350-360	348-358	340-350	327-337	328-338	337-347
Europe cfr €/t	360-375	355-370	350-365	345-360	345-365	332-357

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## MOP global balance forecast

'000t



## Outlook summary

- The cross-border contract price between Uralkali and China rises by \$/t
- Port stocks in China drop below 1.6mn t
- Indonesia and Malaysia issue fresh tenders
- Lower rice prices erode affordability in Thailand
- Russia is on track for record exports, while Belarus will achieve pre-sanction levels

The global potash market is entering the final quarter of the year with a cautious tone, shaped by varying inventory narratives, seasonal demand slowdowns, and shifting macroeconomic conditions. Some regions are seeing renewed tender activity, but overall market momentum remains subdued, with pricing reflecting a mix of stability and weaker sentiment.

The market is shaped by a delicate balance between strong supplier commitments, particularly in Asia-Pacific, and subdued demand in key western regions. Commitments for MOP continue to be supported by stock replenishment in China and India, despite the seasonal demand lull. Tender activity in Indonesia and Malaysia is adding some support, but the bulk of interest reflects demand for 2026. These commitments have provided a buffer against broader market softness, allowing suppliers to hold prices steady despite mounting pressure in other regions. This remains the largest factor preventing prices from declining at a faster pace over the next three months.

At the same time, most importers have time on their hands, particularly where product is not required until next year. The fourth quarter is typically the weakest for potash sales, and unless demand picks up in key markets we expect prices to remain under pressure. Suppliers appear comfortable through to early October, supported by earlier commitments, with limited pressure to adjust pricing. But trading activity remains low, and liquidity is constrained as buyers shift their focus towards nitrogen and phosphate products.

The northwest Europe, MOP market remains quiet and buyers have delayed granular purchases, following a trend of procurement closer to spring and leveraging the stronger euro to push for lower prices. Suppliers are resisting, but the lack of liquidity and seasonal weakness are keeping pressure on prices. Notional prices for granular MOP have edged up on limited spot activity but, a more stable-to-soft pricing narrative is anticipated as market engagement resumes by the end of the year. Meanwhile, in the US, some spot buying

Price comparison					\$/t
	Aug average	Sep estimate	Oct forecast	Nov forecast	Market sentiment*
Vancouver fob	295-334	290-334	285-329	281-326	▼
FSU fob	295-315	285-308	279-304	275-300	▼
Southeast Asia cfr	370-390	368-390	360-385	355-380	▼
Brazil cfr	360-365	355-360	350-360	348-358	▼
Europe cfr €/t	361-376	365-380	360-375	355-370	▼

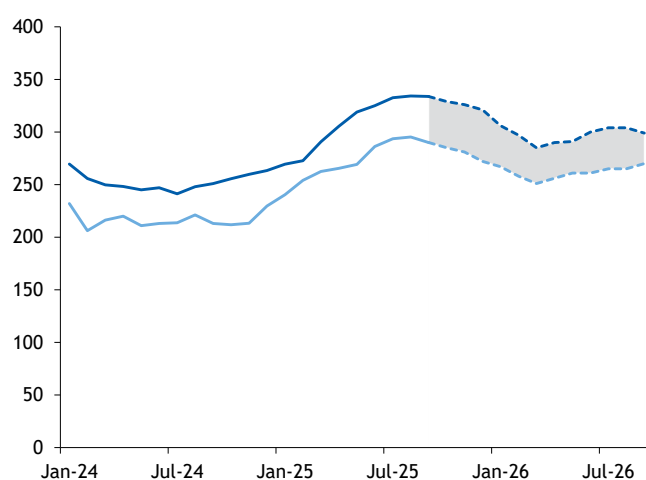
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is expected to resume as the harvest progresses, but purchasing is likely to remain cautious and follow a more hand-to-mouth strategy. US imports are trailing behind typical volumes, although a developing premium to Brazil suggests the market may become more attractive in the near term.

Brazil's affordability is benefiting from a strengthening real, although demand remains seasonally weak, and strong imports so far this year allow buyers to pull back and be patient while turning their attention to 2026. Additionally, elevated prices and limited urgency suggest that further softening will be needed to stimulate significant demand.

On the supply side, we are still seeing strong exports from the Former Soviet Union. We expect record exports from Russia while Belarus will breach its highest levels since sanctions were imposed in 2022. On the demand side, firm growth in 2026 will be more than offset by new capacity and strong exports, resulting in a lower overall price across our forecast period compared with 2025.

### Vancouver fob high-low prices and forecast \$/t



## Revisions to forecast

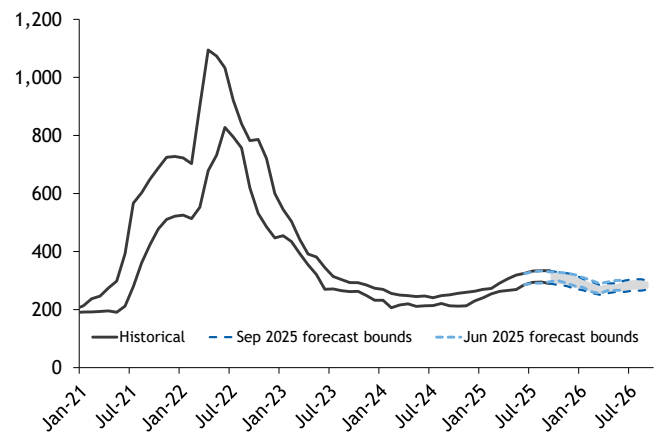
The MOP price has largely followed our forecast from the second quarter, except for September, which has seen lower prices than we have anticipated because of stronger supply than we were expecting in the June edition. Looking forward, we have reduced the lower levels of the price forecast by around \$5-10/t throughout the forecast period, reflecting the weaker prices of the past month and our continued view that supply will remain strong throughout the rest of 2025, while overall fertilizer affordability remains challenging. We expect prices to continue to fall into next year, before rising on stronger demand in spring, but we predict that monthly prices in 2026 will not reach their 2025 levels.

### Forecast downside risk

A lower price outlook could arise from greater MOP availability over the next 12 months. If Belaruskali continues to operate its mines at high rates and the start-up and ramp-up of the Nezhinsky project accelerates further, prices are likely to drop by more than we are expecting. Similarly, if Laotian capacity currently outside of our forecast — such as the Fujia Jinyuan project — comes on line in accordance with the producer's schedule, this would result in a further softening of prices. On the demand side, record MOP imports in southeast Asia have been supported by strong palm oil prices throughout 2025. But a drop in palm oil prices would remove some of this support, resulting in reduced demand over the next 12 months.

### MOP short-term forecast comparison

\$/t



### Forecast upside risk

Upside risk is determined by the volatility of the geopolitical environment. The resumption of hostilities between Israel and Iran would not only impact ICL's production and export capacities, but severely impact global trade and freight rates. Supply curtailments or logistical issues for Canadian producers at the key port of Vancouver would also serve to push prices higher. A strong campaign of stockbuilding by companies in China and India at the start of next year could also result in prices rising as other markets would struggle to secure the volumes that they need.

## Regional demand

### Brazil

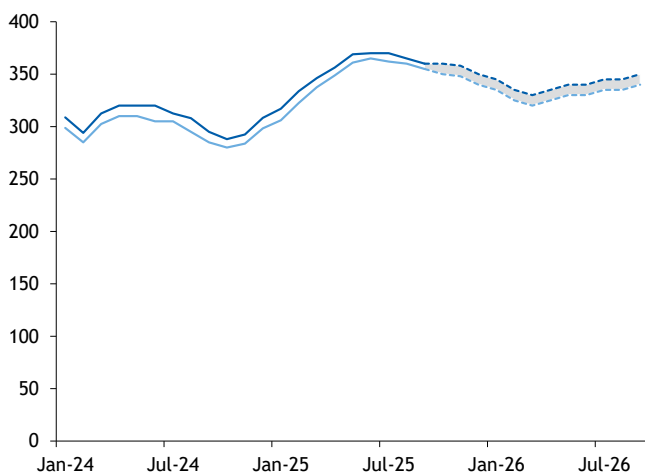
The granular MOP cfr Brazil price peaked in June at an average of \$368/t, but has gradually retreated during the third quarter. The granular MOP cfr Brazil price has declined by around 1.4pc over the past month to average \$358/t in September. Prices declined for two consecutive weeks in the first half of the month, but have rebounded slightly in the last week of the month, reflecting a \$5/t increase at the low end to \$355-360/t. Fewer sales have resulted in a narrower price range, and this could remain the case in the coming weeks if suppliers continue to resist lower prices.

Brazilian suppliers have strong outlets in China and India at present, diminishing availability for markets west of Suez. Brazilian demand is falling as the off-season begins, but restocking demand and the increasing shift to markets in Asia-Pacific is providing some reliance against softening cfr prices. And the recent strengthening of the Brazilian real against the US dollar will improve affordability for domestic buyers.

Overall, the market remains calm, and bids are emerging at lower levels that are more reflective of domestic prices. We expect potash prices to ease slightly in the coming weeks and months, despite current resistance, to stimulate interest given that there is limited urgency and prices remain elevated, weighing on affordability. Looking ahead, MOP trading activity in Brazil will generally remain subdued, putting downward pressure on prices until the end of the year.

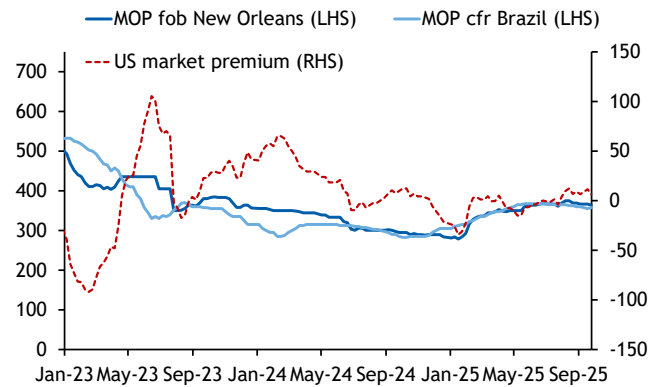
Strong imports so far this year mean that Brazilian buyers are well-positioned to push for lower prices, especially because domestic prices have fallen slightly. Brazil imported 10.1mn t

### Brazil cfr (granular) high-low prices and forecast \$/t



### US-Brazil price spread

\$/t



of MOP in January-August, a 2pc increase compared with the same period last year, with full year 2024 imports reaching a record high. Just over 50pc of imports were supplied by Russia and Belarus, while Canada accounted for 37pc.

Demand for the ongoing season is covered, but importers are starting to turn their attention to 2026 volumes and enquiries for first-quarter cargoes are emerging. Bids are at the \$340-350s/t cfr, but we expect these levels will not be considered until the end of this year. We expect prices next year to remain historically high, but the average level will be lower, reflecting prolonged affordability problems and new capacity coming on line in Laos and Belarus, more than offsetting seasonal demand peaks.

### US

Potash buyers have been largely absent from the US Nola market in recent weeks, and Nola barge prices dropped to \$332/t fob at the end of September on a midpoint basis, as sellers moved to incentivise purchases. US potash prices increased in August because of limited supply in the absence of fresh trade. The market was waiting for clarification from the US administration regarding any possible changes to import tariffs. Prices have returned to weakening so far in September, with several weeks of limited demand despite clarity around MOP being exempt from tariffs. Buyers continue to focus on managing their inventories and are waiting for stronger demand to emerge inland before re-entering the spot market.

Some potash demand has begun to pick up in the Corn Belt as the harvest progresses. Spot activity is likely to increase as October approaches, harvests near completion, and cash flows from crops allow farmers to turn their attention to nutrients. But overall, we expect hand-to-mouth spot buying to dominate the market once the harvest wraps up. Given lower

imports of MOP and affordability hurdles, potash buying is expected to be more limited this season compared with last. But the impact on demand will not be substantial because nutrient affordability still remains more attractive for potash than for nitrogen and phosphates.

Imports so far this year show that the US is trailing behind typical volumes, despite potash being exempt from tariffs. After excluding re-exports of Canadian product, the US imported 621,000t of MOP in July, with January-July deliveries at 4.9mn t — 15pc lower than the same period a year earlier. We expect imports to increase in the near term, given that Nola prices rose to a premium to the cfr Brazil market in August, and this has been sustained in September. With more clarity around tariffs and given the premium to Brazil, the US will be a more attractive market.

Potash was added to the draft list of critical minerals for the Department of Interior and US Geological Survey in August, freeing up access to federal funding. On the supply side, Canada-based Sage Potash will receive a \$14mn grant from the US Department of Agriculture (USDA) to fund the construction of a Utah potash project, in line with recent federal efforts to boost domestic output of the fertilizer. The project has an anticipated capacity of 300,000 t/yr. This follows an earlier decision of the Federal Permitting Improvement Steering Council regarding another domestic potash project, Michigan Potash, that was granted federal funding under the fast-track permitting process for products included in the list of critical minerals. The project has a planned MOP capacity of 650,000 t/yr.

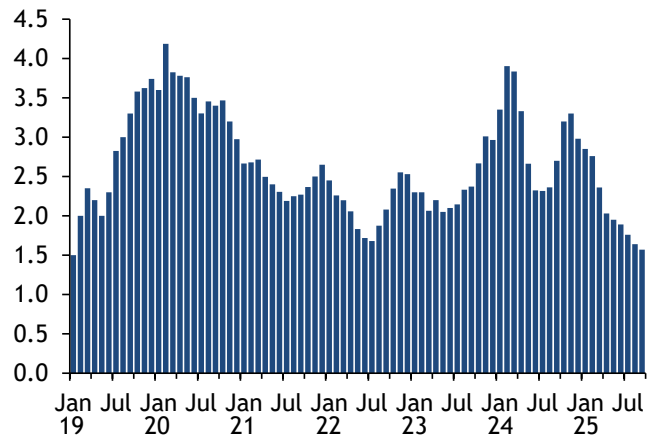
**China**

China continues to grapple with limited domestic inventories. Russia has increased shipments of granular MOP to China, capitalising on weaker demand in other major markets such as Brazil. This redirection of supply has helped partially offset China’s domestic shortfall, although it has not been sufficient to stabilise inventory levels so far. MOP inventories at Chinese ports stood at just 1.57mn t as of the third week of September, a sharp decline of more than 1.4mn t since this time last year. This significant erosion has intensified the buying urgency among Chinese importers.

The Russia-China cross-border contract price for white standard MOP rose to \$355/t dap in September, with Russia’s Uralkali increasing its price by \$7/t from a month earlier. Red granular MOP was set at \$357/t dap. Rising prices are being driven primarily by firm domestic demand and historically low stocks.

**China MOP port stocks**

mn t

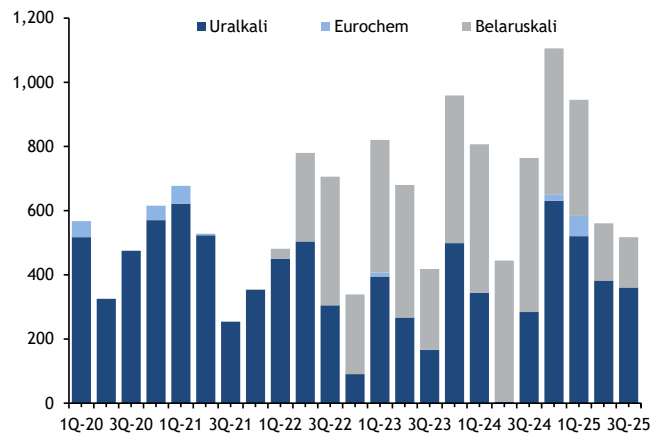


Short-term market fundamentals suggest that continuously rising prices might be unsustainable, despite the focus on rebuilding inventories. We are considering three main factors when looking at the remainder of this year. The first is that while the cross-border contract price has increased steadily since July, this trend may be difficult to sustain. A growing number of seaborne shipments are expected to arrive at Chinese ports in the coming weeks. These deliveries are under the contract settled in June, and are only now expected to begin impacting Chinese MOP availability. This suggests that while supply tightness has driven recent price gains, the market may soon enter a phase of rebalancing, as logistical bottlenecks ease and inventories begin to recover.

Secondly, demand from NPK producers remains weak, as many are only procuring raw materials after securing downstream sales. This cautious approach has slowed the pace at which demand travels upstream, limiting prompt buying. This has contributed to declining domestic MOP prices, which will inevitably weigh on monthly cross-border contract pricing.

**China railed MOP imports**

'000t



Lastly, we expect that the increased availability of supply as a result of waning Brazilian demand will support Chinese efforts to secure more favourable price terms.

Total imports from January to August reached only 7.67mn t, down 6pc year-on-year. This decline is largely attributed to the delayed arrival of contracted cargoes earlier in the year. Even as we expect inventory levels to improve in the near term, these conditions could likely trigger early discussions for the 2026 annual contract to secure future supply and minimise uncertainty.

**India**

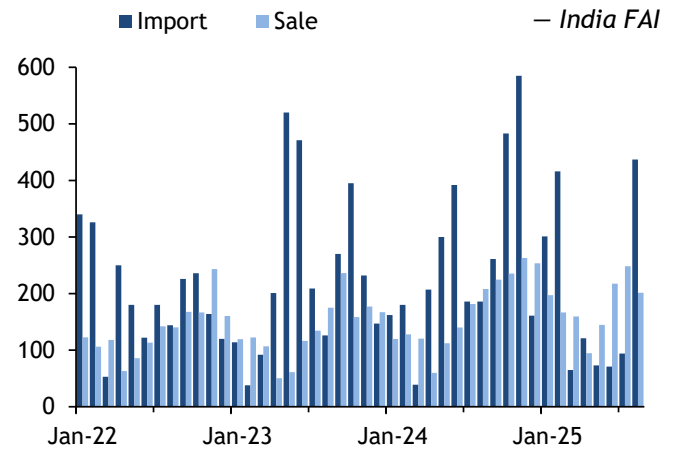
Similar to China, India is also rebuilding MOP inventories, but is in a stronger position overall. India’s MOP stocks rose by roughly 150,000t over the past month, reaching around 1mn t by early September. This increase was driven by a rise in imports following the signing of new standard MOP contracts in early June, deliveries under which are now arriving. The rise in stocks comes after a period of depletion, caused by strong domestic demand and limited imports because of delays in finalising new agreements. Meanwhile, MOP sales under the government’s direct benefit transfer scheme fell by 3pc from last year, to 201,400t. But total sales for the fertilizer year rose by 29pc to 906,600t, supported in part by early monsoon rains. These figures reflect direct-application sales only and exclude volumes used in NPK fertilizer production.

India imported 1.5mn t of MOP in January-July, of which just over 40pc was supplied by Russia, with Canada, Jordan and Israel each supplying 12-14pc of the total. Looking across the rest of this year, India and China will continue to pull in strong volumes. India has sizeable demand that was not met earlier in the year, alongside increasing its stocks, which will support strong demand going forward. This should prevent a sharp downturn in pricing going forward, but downward pressure will continue to build until more demand emerges elsewhere. We expect India’s potash supply options to increase in the near term because of rising imports under the new contracts.

We continue to forecast healthy growth in Indian MOP demand in 2026, as firm underlying consumption is supported by growing demand from other sectors, such as biofuels and palm oil. A possible point of risk could come from contract negotiations with China taking place earlier than usual, which may reduce pressure on suppliers when negotiating with Indian buyers. This could result in a more typical premium for Indian prices to the Chinese contract price of \$10/t, compared with just \$3/t this year.

**India MOP import and sale**

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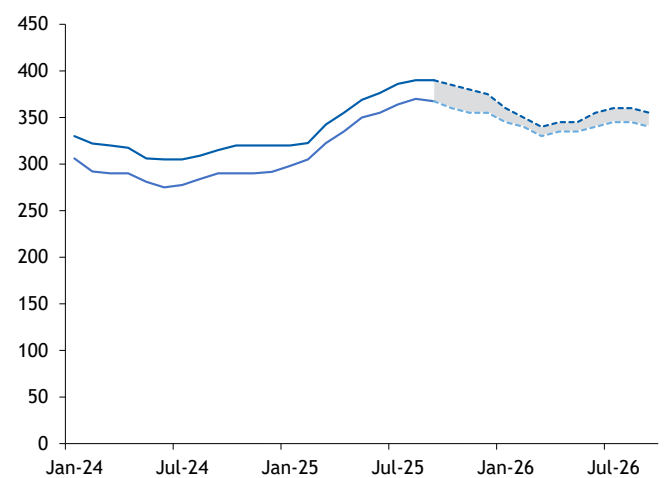
**Southeast Asia**

Southeast Asian standard MOP prices have softened slightly over the past month, from \$380/t cfr in August to \$379/t so far in September, on a midpoint basis. The marginal decline occurred at the end of the month, when a lack of seasonal buying from farmers across the region kept importers largely inactive. Sufficient inventories of standard and granular grades are weighing on import demand. This will sustain downward price pressure, but the market is still relatively balanced and prices will weaken only gradually. Most of the volumes entering the region are tied to existing contracts. Some tender activity has surfaced in Indonesia and Malaysia, but potash demand elsewhere in the region is limited.

Super Typhoon Ragasa swept through parts of southeast and east Asia in the third week of September, affecting countries such as the Philippines, Taiwan and China. This resulted in some interruptions to vessel loading and unloading operations, but the overall impact was minimal.

**Southeast Asia cfr high-low prices and forecast**

\$/t



## Indonesia

Indonesia has started its plantation tender season for standard-grade MOP, with deliveries scheduled from November through to mid-2026. At least five palm oil plantations have issued tenders seeking a total of 165,000-200,000t, most of which are expected to close later this month.

Indonesian MOP imports hit a 10-year high in January-July of 3.1mn t, up sharply from 2.1mn t a year earlier. Canada supplied 44pc, followed by Russia and Belarus, which accounted for a combined 42pc.

Strong growth in demand, largely from palm oil production, has translated into record imports so far this year. Looking ahead, there is uncertainty over whether import demand will continue at this pace across the rest of this year, but we expect overall demand to remain elevated, owing in part to strong palm oil prices supporting affordability in Indonesia.

We estimate that Indonesia's MOP stocks remain relatively high, because strong import volumes so far this year have exceeded domestic sales. Fertilizer demand is being dampened slightly by the government's seizure of 2mn-3mn hectares (20,000-30,000km<sup>2</sup>) of illegally converted plantation land earlier this year, which reduced application rates and contributed to the inventory build-up. But given that the bulk of the palm oil cultivations are being kept and run instead by state-owned firm Agrinas, this demand could largely be preserved once operations resume.

## Malaysia

Several Malaysian plantations have issued tenders for standard MOP, targeting deliveries in the first half of 2026. The combined volume sought is estimated at around 120,000t. Additional demand is expected to surface in October, primarily aimed at building inventories for next year. Outside of these tenders, market activity remains limited.

*Argus* understands that Malaysian palm oil stocks have declined. This should support higher prices for palm oil, and we expect healthy affordability to be preserved. Strong imports will continue for the rest of this year, albeit at a slower pace than so far.

Malaysian MOP imports between January and July rose by 47pc compared with the same period a year earlier, to 1.28mn t. Russia accounted for the majority of supply, with shipments rising by 87pc on the year to 729,900t. Imports from Canada increased by 15pc to 295,000t, while Jordan's volumes grew by 14pc to 66,500t.

## Thailand

Thai granular MOP prices in the domestic market have declined because of reduced demand during the seasonal lull in September. Some NPK producers are confronting challenging market conditions, with falling crop prices — especially for rice — making fertilizers less affordable for farmers. With the main paddy application season ending, domestic demand has tapered off, and importers are struggling to sell volumes domestically.

Recent typhoons have caused flooding in several regions in the country, negatively impacting rice and corn growers. Rainfall is expected to continue through to mid-October, when the next planting season begins, but there is uncertainty about how strong domestic demand will be. For now, domestic fertilizer consumption remains subdued, further constrained by credit problems and low rice prices.

Thailand's MOP imports in January-July rose by 22pc compared with the same period last year to 701,300t, supported by increased shipments from Laos and Jordan. Canada remained the leading supplier, with stable shipments of 231,800t, while the rise in imports from Laos and Jordan helped offset a decline in deliveries from Belarus.

## Vietnam

Domestic demand for MOP in Vietnam remains weak during the current off-season, keeping import activity minimal. High stocks and subdued local consumption have limited the need for fresh imports. Imports in the third quarter are expected to decline compared with earlier in the year, after strong arrivals in the first half and slower domestic sales that will continue to weigh on demand. Vietnam's MOP imports from January to the first half of July climbed to 765,500t from 659,100t a year earlier.

We expect that Vietnamese farmers will return to the market in October, which will encourage importers to soon arrange fresh arrivals. But the country's elevated stocks will temper interest in the near term as importers work through their existing product.

## Australia

Australian demand for potash fertilizers for grass and pasture growing is steady, supporting strong domestic potash demand. Prices for imported granular MOP have averaged \$428-436/t cfr so far in September, retaining a steady pace of month-on-month increases that has continued since the start of this year, although the pace of gains has slowed, reflecting a more stable price environment in other parts of

the world. MOP imports to Australia between January and July increased by 15pc compared with the same period a year earlier to 390,000t.

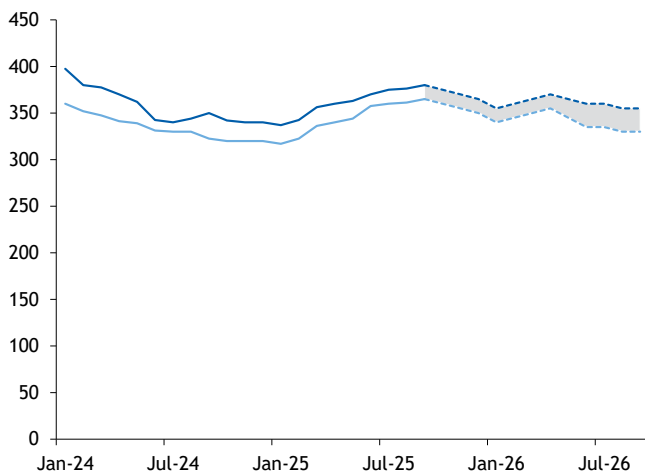
### Northwest Europe

Discussions in northwest Europe around standard MOP contracts for the fourth quarter began in late September. Suppliers are aiming to maintain current pricing, but buyers are advocating for lower levels given the euro's recent strengthening against the US dollar.

With a major European fertilizer conference scheduled for next month, trading activity is expected to stay relatively quiet in the near term. This limited engagement has led to a rise in notional prices for granular MOP, although a more stable to softer pricing trend is anticipated once market activity resumes towards the end of the year.

In Europe, we expect the trend of buying closer to the spring will be a recurring theme, and granular MOP is mainly a

### Europe cfr (granular) high-low prices and forecast €/t



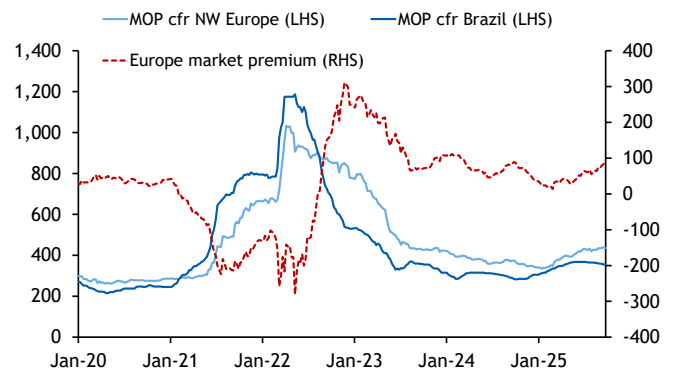
## Regional supply

### Canada

Canadian MOP production was 14.5mn t in January-July, essentially flat compared with a year earlier, according to data from statistics Canada. But Canadian MOP exports increased by 5pc across the same period to 15.2mn t. We forecast Canadian exports to slow down over the rest of this year and reach 23.2mn t, marginally lower than 23.4mn t in 2024.

MOP exports from the port of Vancouver, the largest MOP exporting port in Canada, increased by 30pc on the year to

### Europe-Brazil price spread \$/t



spring product, which will limit interest until at least November. Suppliers are hesitant to reduce their prices because small price declines will do little to incentivise demand, prompting them to hold back on lowering prices until a later period, when such a course of action would be more likely to draw greater interest from buyers.

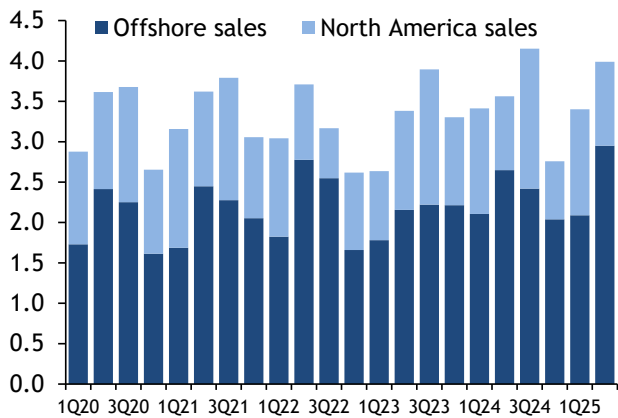
We expect the euro to remain stronger against the US dollar in 2026. This currency strength will continue to encourage suppliers to push for more sales in the eurozone. At the same time, it may encourage eurozone buyers to push back on any attempted price increases and even to try to negotiate lower prices.

Meanwhile, Poland has reopened its border crossings, allowing imports and exports of commodities with Belarus to restart. The Polish government had closed the border on 12 September, with Warsaw citing risks to security from joint Belarus-Russia military drills as the reason. Prime minister Donald Tusk has said that Poland would not rule out closing the border again, if the government sees such a move as necessary for the country's security.

6.1mn t in the January-July, customs trade data suggest. Brazil and Indonesia are the two leading destinations for exports from the port, receiving 2.45mn t and 1.28mn t, respectively, accounting for 61pc of the exports from the port in the first seven months of this year.

Canadian firm Nutrien produced 3.53mn t of potash in the second quarter of 2025, down slightly from 3.58mn t in the second quarter last year. But the company reported record sales in both the second quarter and first half of 2025, of

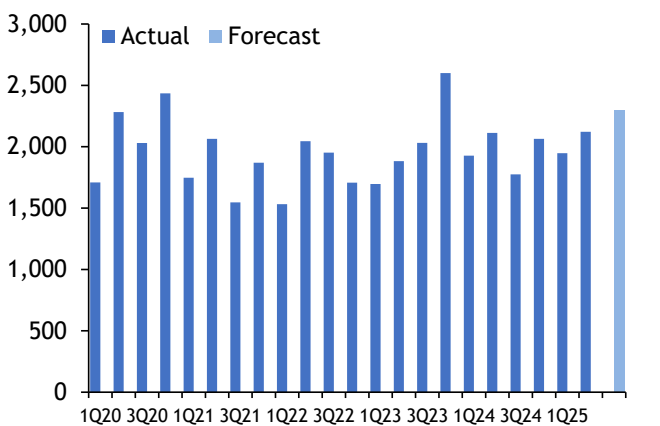
**Nutrien MOP sales**



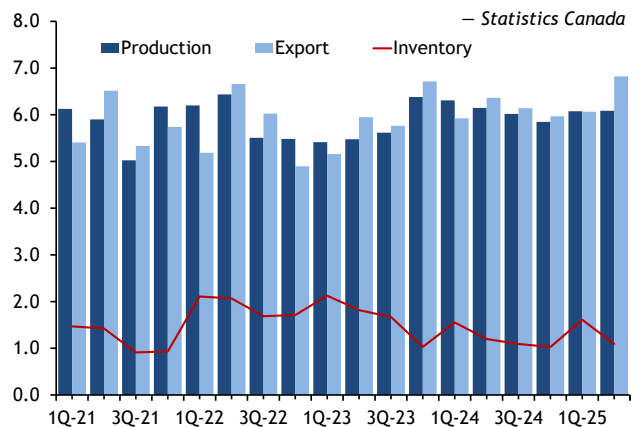
4.0mn t and 7.4mn t, respectively. This was attributed to healthy potash affordability along with strong consumption in North America and key offshore markets. The breakdown of sales in the first half of 2025 remained similar to a year earlier, with 68pc of sales going offshore and 32pc to North American markets. Latin America remains the main export market for Nutrien’s MOP, with the region receiving 42pc of the company’s offshore sales in the second quarter of 2025. Nutrien has raised its forecast for global potash demand this year to 73mn-75mn t from 71mn-75mn t forecast in the first quarter, as a result of strong demand in the first half of 2025.

US firm Mosaic produced just over 2mn t of potash in the second quarter of 2025, down by 6pc on the year. But Mosaic has revised its full-year production guidance up to 9.3mn-9.5mn t from 9mn-9.4mn t as it seeks to capitalise on strengthening market fundamentals by running the 2.6mn t/yr Colonsay mine for longer than previously planned. Additionally, the first MOP was produced at the 400,000 t/yr Hydrofloat project at Esterhazy in July, which will help Mosaic reach its target. The firm’s MOP sales in the first half of 2025 increased marginally by 1pc on the year to 4.1mn t, but

**Mosaic quarterly sales volume**



**Canadian MOP production, exports and inventories**



stronger production in the second half of 2025 should see MOP sales outstrip 4.1mn t across that period.

**US**

US firm Intrepid’s second-quarter potash sales increased markedly from a year earlier, rising by 25pc to 69,000st from 55,000st. The increase in sales was attributed to Intrepid having larger volumes of potash to sell because of higher production in the second half of 2024 and the first half of 2025. Higher output was the result of a new primary pond in Wendover and the commissioning of a new brine injection pipeline at the HB solution mine. Increased production volumes continued into the second quarter of 2025, rising by 10pc on the year to 44,000st from 40,000st.

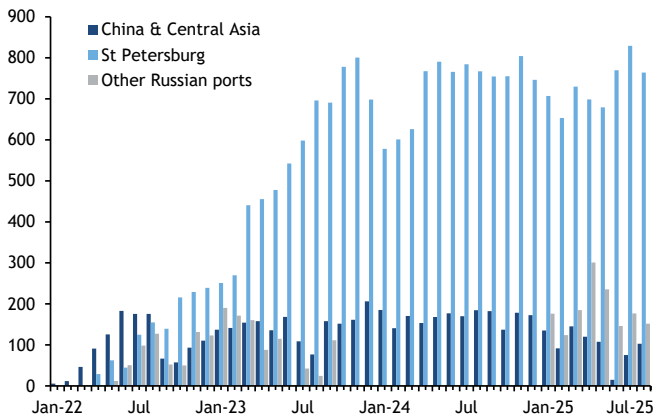
But Intrepid has lowered its production forecast for this year to 270,000-280,000st, despite strong production in January-June. Above average rainfall at the HB facility in June and July has reduced evaporation rates and pond inventory compared with 2024, weighing on production in the second half of 2025. This will also impact output in 2026, with Intrepid lowering its outlook for next year to 270,000-280,000st. Production in 2026 was previously forecast to be supplemented by brine from the newly drilled AMAX cavern sample well, but no existing brine pool was found. As a result, the overall brine quality in the HB pond system will be lower, reducing potash output at the facility by approximately 25,000st.

**Belarus**

Belaruskali shipped 8.1mn t of MOP by rail in January-August, up by 16pc from the same period last year. These record volumes were achieved despite maintenance at the firm’s Soligorsk 4 mine. The works were completed at the end of the second quarter but were initially estimated to reduce production at Soligorsk 4 by 1mn t in the first half of the year. Soligorsk 4 is Belaruskali’s only facility capable of producing

**Belarus exports on Russian Railways**

'000t



white standard MOP, which is usually shipped to China. Rail shipments of MOP from Belaruskali to China in the first eight months of the year fell by 512,000t, or 42pc, from a year earlier to 697,000t, driven by lower production at Soligorsk in the first half of 2025. It is notable that no MOP was shipped by rail to China from Belarus in June, the first month of no shipments since November 2021. But this is unlikely to reoccur now that Soligorsk 4 has resumed normal operations.

To compensate for lower production at Soligorsk 4, Belaruskali ramped up output from its other facilities. This is evidenced by Russian rail data, which show Belarusian exports to non-Chinese markets increasing by 28pc on the year to a record high of 7.5mn t in January-August. We expect strong exports to continue and forecast that Belarus to ship 11.2mn t of MOP in 2025, which would be the highest since 2021.

A Lithuania-based terminal operator in July asked the Lithuanian government to lift sanctions on Belarusian MOP to allow

transit through Klaipeda for onward export. The port used to be a major export hub for Belaruskali, with 9mn-11mn t/yr of Belarusian MOP exported through this route before sanctions were put in place in February 2022. The Lithuanian government has rejected this request, citing national security concerns. But with speculation surrounding the potential relaxing of sanctions on Belarus, the government could come under pressure to change its decision. The resumption of Belarusian MOP exports through Klaipeda would have a huge effect on global MOP markets, but we consider it unlikely at this point in time.

In the meantime, local reports indicate that the construction of a MOP project is continuing at Nezhinsky. The new operator of the project, Nezhin Kali, aims to start first production at the 2mn t/yr plant in 2026.

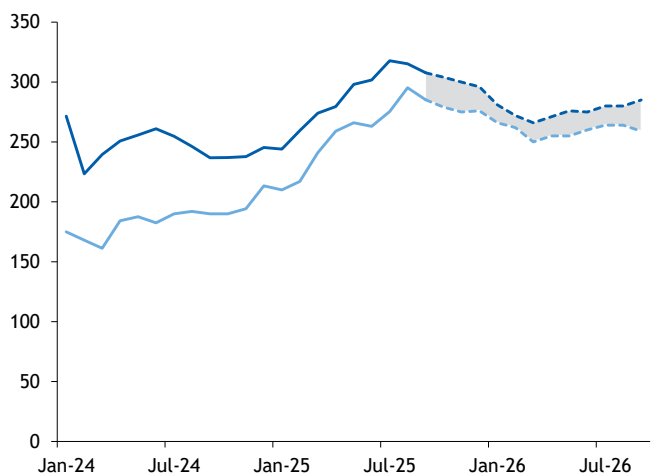
**Russia**

Russian producers Eurochem and Uralkali completed maintenance at the end of the second quarter. The works were anticipated to reduce Russian production by a combined 400,000t in the second quarter of this year. But Russian MOP rail shipments in the first eight months of this year increased by almost 560,000t, or 6pc, compared with the same period in 2024, despite the maintenance works at Russian mines.

Eurochem accounted for 95pc of the increase, with rail shipments from its Volgakaliy and Usolskiy mines in January-August rising by 530,000t compared with the same period in 2024 to 2.8mn t. This dramatic increase reflects the continued ramp-up of production at both mines, which is likely to continue for the rest of this year. Shipments to Russian sea ports for export reached 2.6mn t in the first eight months of this year, a 23pc increase on the same period in 2024. The

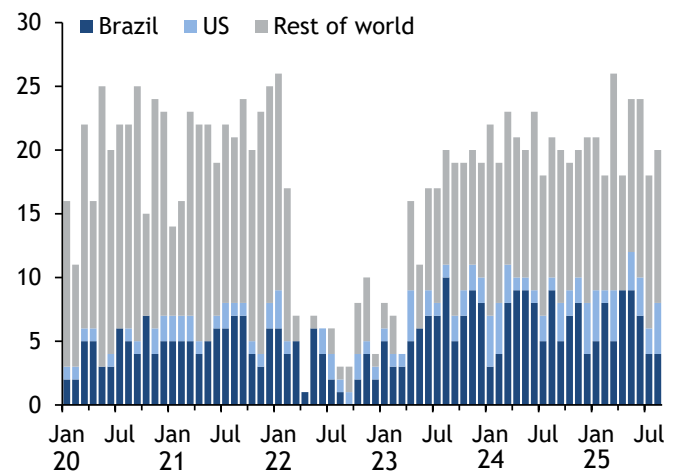
**FSU fob high-low prices and forecast**

\$/t

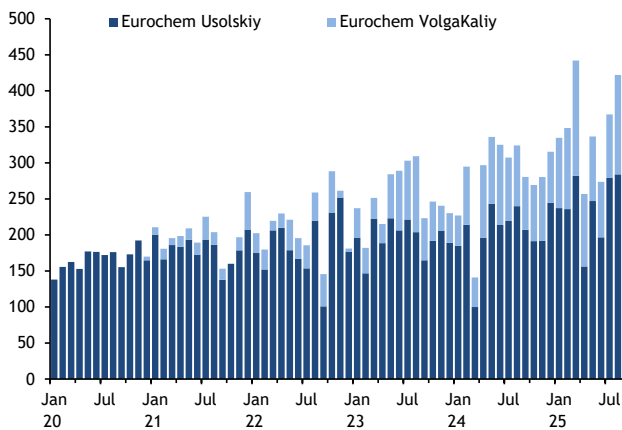


**St Petersburg MOP exports**

number of vessels



**Eurochem monthly potash shipments by origin '000t**



Baltic port of Ust-Luga accounted for 96pc of MOP shipped from Usolskiy to Russian sea ports, whereas 93pc of Volgaka-liy shipments were delivered to the Black Sea port of Tuapse. But Eurochem’s MOP deliveries to the Russian domestic market in January-August fell by 7pc on the year to 145,000t, indicating its strategy of targeting markets with a higher premium.

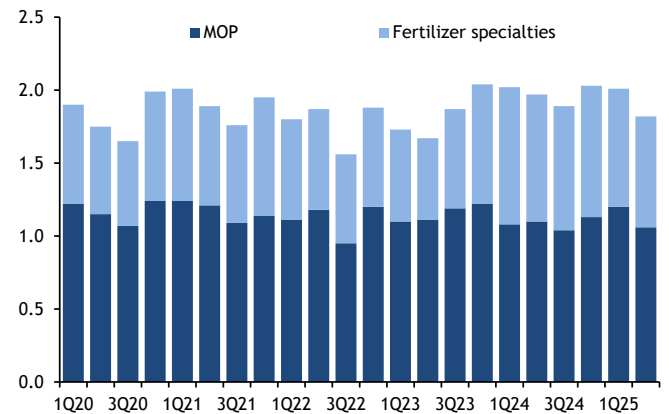
Uralkali transported over 7mn t of MOP on Russian railways across the first eight months of this year, effectively flat compared with a year earlier, despite the 300,000t reduction in production expected from maintenance at three of the firm’s mines. Deliveries to Russian sea ports for onward export and shipments to the domestic market in January-August fell by 11pc on the year to a combined 5.7mn t. But this was more than offset by rail shipments of MOP to China increasing by more than 750,000t, or over 150pc, on the year to 1.26mn t in the same period. The rise in overland exports is likely to have been driven by increasing volumes of Russian white standard MOP replacing Belarusian product because of the maintenance at Soligorsk 4.

Russian producer Acron announced its half-yearly report that MOP production would start at its 2mn t/yr Talitsky mine in the second half of 2026. The project is included in our capacity forecast, but given the delays that are common in large mining projects, we forecast production at the facility to start in 2027.

**Uzbekistan**

Asian Chemical Group, an Uzbekistan-based joint venture has acquired all the shares in the 400,000 t/yr Dekhanabad potash plant. The joint venture is a collaboration between OV Industrial Investments and New Industrial Technologies, companies with links to Russia and China. It is unclear what this takeover will mean for the plant, but with the new own-

**K+S ag. sales volume mn t**



ers’ links to China it could be that the mine starts to focus more on shipping MOP to the Chinese market.

**Germany**

Germany-based K+S reported second-quarter sales of 1.82mn t in its agriculture customer segment, down by almost 8pc on the same period in 2024. This was pre-dominantly driven by fertilizer specialty sales in the second quarter falling by 12pc year on year to 760,000t, but compounded by MOP sales in the same period dropping by 4pc on the year to 1.06mn t. The fall in sales were attributed to lower inventories compared with 2024, earlier scheduling of maintenance at the Bethune site as well as logistical problems. But K+S has maintained its sales volume guidance for the agricultural segment for 2025 at 7.5mn-7.7mn t, despite the decline in second-quarter sales.

K+S continues to have stronger sales growth in its agricultural customer segment in Europe this year at the expense of overseas markets. The firm’s sales to European markets in its agricultural segment grew by 6pc on the year to 1.85mn t but those to overseas markets dropped by 12pc to 1.98mn t.

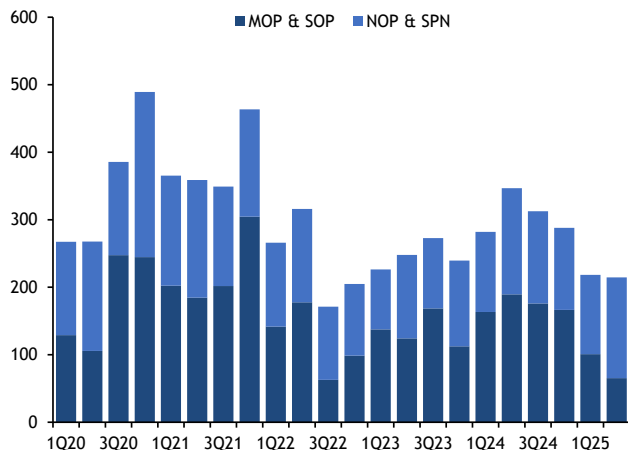
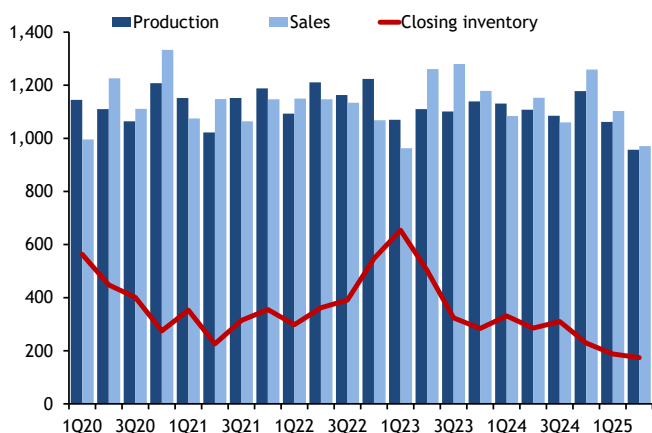
**Israel/Spain/UK**

Israeli firm ICL produced 960,000t of potash in the second quarter of 2025, down by 14pc from the same period last year. ICL attributed the reduced output to war-related problems at its Dead Sea works and operational challenges, while production at the firm’s Spanish facility remained flat on the year. This has had a knock-on effect on sales volumes in the second-quarter of 2025, which dropped by 16pc on the year to 970,000t. The Chinese and US markets have been the most affected, with ICL shipping lower volumes of MOP to these destinations. Another quarter of higher sales than production has reduced ICL’s MOP inventory further to 174,000t — 110,000t lower than at the end of the first half of 2024.

**ICL quarterly production and sales**

**'000t SQM quarterly potash sales**

'000t



In light of the lower production, ICL has reduced its sales volumes guidance for 2025 by 200,000t to 4.3mn-4.5mn t. If conflict in the Middle East escalates and ICL's production is impacted again, it is likely that 2025 sales will be lower than this target.

An agreement between Highfield Resources and the Yankuang Energy group that would have seen the 1mn t/yr Muga project in Spain fully funded has been terminated. In addition, the termination of the agreement between the two parties means that Yancoal Canada, a subsidiary of Yankuang Energy, will retain ownership of the 2.8mn t/yr Southey project in Canada. Highfield Resources will now need to secure alternative funding sources to complete the development of the Muga potash project. Trading of shares in Highfield Resources has been halted while the company attempts to raise the necessary capital.

**Jordan**

Jordanian potash producer APC reported a 3pc year-on-year fall in second-quarter potash sales, to 675,000t from 696,000t a year earlier, likely owing to rising geopolitical tensions in the Middle East. A similar contraction was also seen in APC exports from the port of Aqaba in the first half of 2025, which dropped by 2pc on the year to 1.03mn t. Production has been less affected by geopolitical issues, with APC producing 690,000t of MOP in the second quarter of 2025 effectively flat on the same period in 2024.

APC has extended its MOP agreement with Chinese firm Sinofert until 2028. Under the terms of the agreement Sinofert will be the exclusive marketer for APC potash in China. The volumes of MOP that APC will supply to Sinofert have not been disclosed. Jordan exported 370,000t of MOP to China in 2024, according to customs trade data.

**Chile**

Chilean firm SQM's potassium sales, consisting of MOP and SOP, fell by 55pc on the year in the second quarter of 2025, to 85,000t from 190,000t. This dramatic reduction comes as SQM continues to prioritise high-lithium content brines at its Salar de Atacama facility in order to maximise lithium production. As well as reducing MOP production, SQM's policy is to prioritise the use of MOP as a feedstock for NOP production in its speciality plant nutrition business, further limiting the availability of MOP for sale to third parties. Sales volumes of NOP and sodium potassium nitrate were down by 5pc on the year to 149,000t in the second quarter of 2025. SQM still forecasts that the NOP market will grow by around 4-5pc in 2025 and that its sales volumes will do likewise, suggesting that higher NOP sales should be expected in the coming quarters.

**Laos**

The Lao government has halted all surveys, exploration and implementation of potash projects in the capital Vientiane, potentially delaying the development of 10.5mn t/yr of capacity. The pause comes after the regional government of Vientiane submitted a petition to the country's national economic, technology and environmental committee in September 2024 to conduct a study investigating the impact of the mines. A landslide in Tongmang village in Vientiane damaged residential properties in June and is likely to increase pressure on the national government to enact the pause. The timeline of the pause is yet to be announced and it remains unclear how the potash projects that Argus is tracking will be affected.

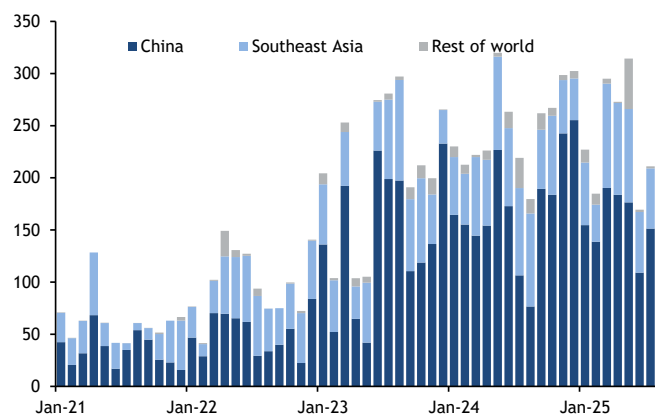
The 500,000 t/yr capacity Ruiyuan Richfield mine in Vientiane operated by China's Yuntianhua has been producing intermittent volumes of MOP this year, and it is uncertain whether

it will be affected by the government’s decision. But Chinese firm Zangge’s first 1mn t/yr mine in Vientiane does appear to have been affected by the pause. The firm announced plans in its half-yearly report to develop a backfilling system and facilities to prevent water leakage at its first mine in Vientiane, which is likely to have been in response to the government’s pause.

A new Chinese firm is aiming to produce MOP in Laos. Fujia Jinyuan plans to start production at a 5mn t/yr mine in Vientiane in the second half of 2026. The provisional ramp-up schedule would target approximately 275,000t in 2026 before rising to 1mn t in 2027. The plant is supposedly unaffected by the government’s pause on developments in Vientiane. The project is not included in our capacity forecast because we are still waiting to obtain more information about it.

The two largest producers in Laos — Lao Kaiyuan and Asia Potash — produced over 1.6mn t of MOP in January-June.

**Laos MOP exports by destination** '000t



Asia Potash alone produced 1.01mn t, an increase of 20pc on the same period in 2024. This reflects increased production from the firm’s second and third 1mn t/yr mines. But Lao Kaiyuan’s output fell by 3pc across the same period to 596,900t

Exports from Laos in the first half were down by 1pc on the year to 1.46mn t, despite the ramp-up in production, analysis of mirrored customs trade data show. The fall in exports was driven by lower shipments to China, with only 950,000t of MOP being exported from Laos to the Chinese market in January-June, 6pc lower than in the same period in 2024. In contrast, exports to southeast Asia across the same period increased by 6pc on the year to 430,000t. China remains the dominant export destination for Lao MOP, receiving 65pc of the country’s MOP exports in the first half of 2025.

**China**

Chinese firm QHSL produced 1.99mn t of potash in the first half of 2025, a 12pc fall from the same period in 2024, and sales were 21pc lower at 1.78mn t, according to its half-yearly report. Zangge’s production in the first half of 2025 also fell from a year earlier, by 7pc to 485,000t, although sales were only marginally lower, falling by 1pc on the year to 536,000t.

QHSL has withdrawn from its planned acquisition of Highfield Resources. The firm signed a preliminary agreement in May with Highfield Resources, Yankuang Energy Group and EMR Capital to acquire a controlling interest in Highfield Resources. The acquisition would have given QHSL control of the 1mn t/yr Muga mine in Spain as well as the 2.8mn t/yr Southey potash project in Canada. The withdrawal suggests that QHSL is reconsidering its strategy of investing in MOP projects so far away from China.

New MOP capacity (firm)				
Company	Site	Date	± Capacity mn t/yr	Status
APC	Safi, Jordan	2025	0.14	Capacity expansion at current mine
Uralkali	Ust-Yavva, Russia	2025	2.50	Greenfield mine. Construction and commissioning in progress
Asia Potash	Dong Tai, Laos	2025	1.00	Second capacity expansion at current mine. Development under way but commissioning delayed to 2025
Belaruskali	Petrikov, Belarus	2025	0.20	Expansion of current processing facility. Installation under way
Uralkali	Solikamsk-2, Russia	2026	1.20	Brownfield replacement. Construction under way
BHP	Jansen, Canada	2027	4.14	First phase of new greenfield project. Construction under way
Eurochem	Usolskiy, Russia	2027	1.80	Second phase expansion of processing plant for existing mine, development under way
Acron	Talitsky, Russia	2027	2.00	Greenfield mine. Construction under way

New SOP capacity (firm and probable)				
Company	Site	Date	± Capacity '000 t/yr	Status
Gansu Xinlianxin	Jinchang, China	2025	40	New greenfield plant. Commissioning was due in 2Q25
Seven Investments	Lake Way, Australia	2025	245	New greenfield plant. First volumes have been produced and exported, ramping up by end of 3Q26
Eurochem	Karatau, Kazakhstan	2027	250	New greenfield plant. Part of a wider mineral fertilizer plant
KSM	Tring-Jonction, Canada	2026	45	New greenfield plant. Will produce SOP and SOPM, using a lower temperature process
EFIC	Ain Sokhna, Egypt	2025	40	New greenfield plant. Will produce only water-soluble SOP. Start-up expected in 3Q25.
Barket Fertilizers	Port Qasim, Pakistan	2025	13	Fourth Mannheim line planned for active site
Agven	Gwadar, Pakistan	2026	40	New greenfield plant. First 20,000 t/yr operational, second 20,000 t/yr to be brought on line in 2026
Indorama Kokand	Kokand, Uzbekistan	2025	80	Modernisation project of existing chemical plant includes new SOP capacity. Test production started ahead of commercial start-up

New and recent MOP mines						
Production start	Company (Mine name)	Region, Country	Nameplate capacity (mn t/yr KCl)	Estimated production 2023 (mn t)	Estimated production 2024 (mn t)	Projected production 2025 (mn t)
2021	ICL (Suria)	Catalonia, Spain	1.10	0.60	0.80	0.85
2021	Belaruskali (Petrikov)	Petrikov, Belarus	1.50	0.99	1.08	1.23
2022	Mosaic (Esterhazy K3)	Saskatchewan, Canada	8.20	4.40	4.70	5.06
2022-24	Arab Potash (Safi)	Safi, Jordan	3.10	2.78	2.84	2.80

Summary of production curtailments/losses and sales reductions				
Country	Company	Event/ Impact	Period	Reason
Russia	Eurochem	Volgakaliy underground mine construction progress slower than expected	Ongoing since 2020	Underground development slowed by geology
Russia	Uralkali	Expected reduced export availability of approximately 300,000t in 2Q-3Q.	2Q 2025	Uralkali performing maintenance at three of its mines
Russia	Eurochem	Reduction in output of 100,000t in 2Q25	2Q 2025	Eurochem performing work at its Usolskiy and Volgakaliy mines
Israel	ICL	Challenges shipping through Red Sea	Ongoing since 2023	Exports limited from Red Sea port of Eilat and shipments through Red Sea generally limited as a result of regional conflict and attacks on ships using the route
Belarus	Belaruskali	Potential reduction of exports by 1mn t over January-June	1H 2025	Hoist replacement work at its fourth mining unit in Soligorsk, completed in June

## Agricultural analysis

### Crop fundamentals

#### Crop fundamentals

The USDA revised up its global corn production forecast for 2025-26 by 25mn t in August, to 1.289bn t. The increase is driven almost entirely by the US, where output was raised by 26.3mn t to 425.3mn t after a 1.9mn acre (7,689km<sup>2</sup>) expansion in the harvested area. Growing conditions have been favourable, with 72pc of the crop rated good-to-excellent, up by 5 percentage points from last year. Ukraine’s corn production was increased by 1.5mn t to 32mn t, driven by a 200,000 hectare (2,000km<sup>2</sup>) increase in harvested area, based on official planting data. Canada’s crop was raised by 300,000t, with yields now forecast at 10.34 t/ha, supported by timely rainfall. In contrast, EU corn output was cut by 2mn t to 58mn t, and Serbia’s crop was lowered by 1.2mn t, both because of heat and drought stress in southeastern Europe.

#### Soybean

The USDA revised down its global soybean production forecast for 2025-26 by 1mn t in August, to 426.4mn t. The cut is led by the US, where output has been reduced by 1.2mn t to 116.8mn t, following a 3pc reduction in harvested area to 80.1mn acres. This was only partially offset by a 1.1 bushel/acre increase in yield to 53.6 bu/acre — a record high, reflecting favourable growing conditions across much of the Corn Belt. Production declines are concentrated in the Delta and Central Plains, while gains are expected in the western Corn Belt. As of early August, 69pc of the US soybean crop was rated good-to-excellent, up from 67pc last year.

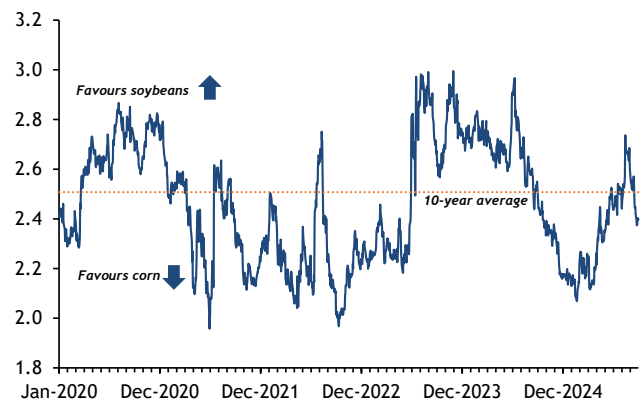
#### Palm oil

Global palm oil production is expected to rise by 500,000t in the 2025-26 season, to 80.3mn t from 79.8mn t a year earlier. This growth is driven by favourable weather, improved yields from mature plantations, and technological advancements, such as precision agriculture and satellite monitoring. Indonesia and Malaysia, which supply 85pc of the world’s palm oil, are experiencing mixed outcomes. Indonesia benefits from strong domestic demand because of its B40 biodiesel mandate, while Malaysia faces challenges from labour shortages and heavy rainfall. The outlook remains cautiously optimistic, despite these constraints, with sustainability and efficiency improvements supporting long-term production stability.

#### Rice

The USDA revised up its global rice production forecast for 2025-26 by 200,000t in August, to a record 541.5mn t, on a milled basis. This was driven by upward revisions for Nigeria

#### Soy/corn ratio



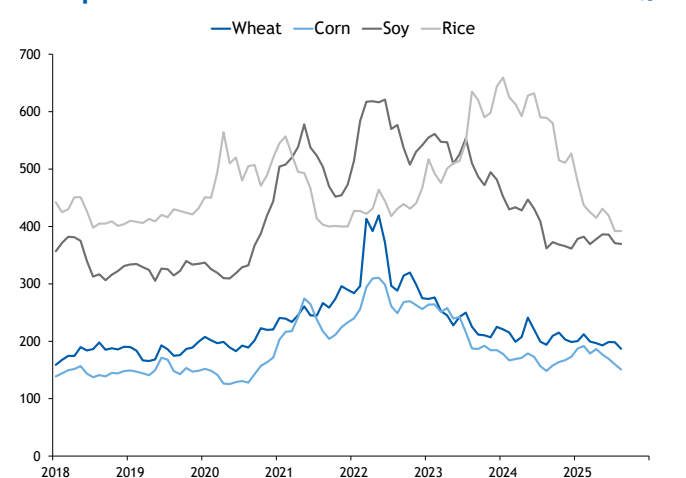
and the US, which more than offset cuts to South Korea and Ivory Coast. Nigeria’s revision reflects a higher estimated harvested area, while the US increase stems from expanded acreage despite a lower yield forecast. Global rice output is projected to be slightly higher than a year earlier, with gains in Bangladesh, China and India offsetting falls in Brazil, Cambodia, Indonesia, Nigeria, Thailand, the US and Vietnam.

### Prices

#### Corn

Corn CBOT futures dropped by \$9/t in August, to \$151/t. The primary driver of the price decrease was the accelerated harvest pace of the US crop, which confirmed higher-than-anticipated yields, despite earlier concerns over drought conditions. This surge in immediate corn availability coincided with sluggish demand, particularly from China. The combination of robust supply and weaker international buying interest exerted sustained downward pressure on corn futures throughout last month.

#### Grain prices



### Soybeans

Soybean CBOT futures fell slightly in August, by \$1/t to \$370/t. The market was weighed down by favourable rainfall in key US growing regions, which bolstered yield prospects for the upcoming harvest and alleviated previous weather-related anxieties. A notable reduction in Chinese imports put further pressure on demand fundamentals.

### Palm oil

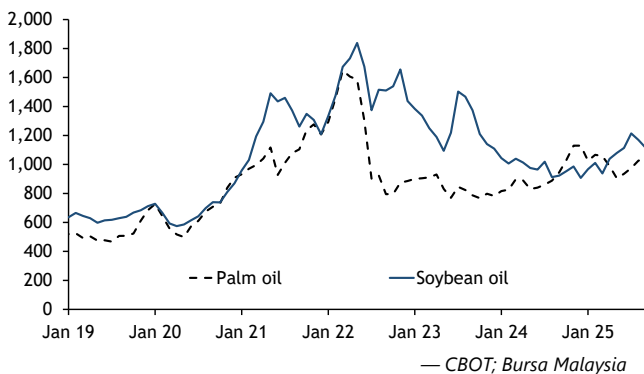
Bursa Malaysia palm oil futures have been rising over the past few months, from \$904/t in May to \$1,028/t in August. Palm oil prices have surged because of a sharp drop in Malaysian stocks, El Nino-related production concerns in Indonesia, and strong import demand from India and Pakistan. Indonesia's B40 biodiesel mandate and its stable currency have further supported domestic consumption and export competitiveness, keeping prices high despite global market uncertainty.

### Rice

Thai 5pc broken milled white rice prices fell by \$17/t in August to \$375/t. The decline was driven by the imminent arrival of

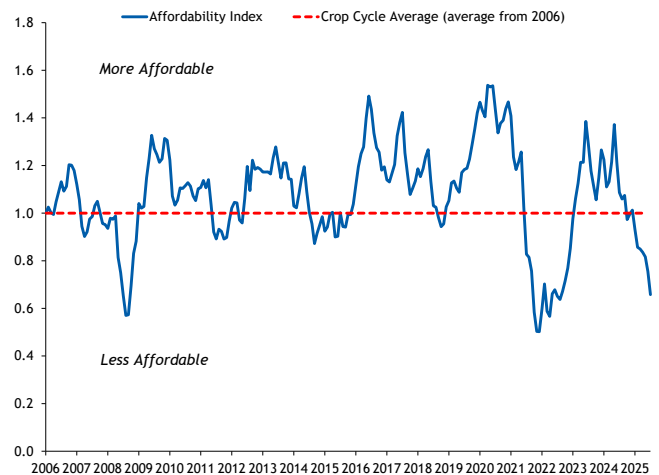
### Palm oil and soybean oil prices

\$/t



### Fertilizer affordability index

index



Note: Our global fertilizer affordability index is calculated with the ratio between fertilizer and crop price index, with the base year set at January 2004. The overall index is adjusted by the crop cycle average. An affordability index above 1 indicates that fertilizers are more affordable when compared with the base year, and vice-versa. The fertilizer index includes international prices for urea, DAP and potash, adjusted by the global usage in terms of mn t of product. Our agriculture index includes all major grain prices — wheat, maize, soybeans and rice, adjusted by global tonnage accounted for each crop.

new-crop supplies from major producers such as India and Vietnam, which signalled higher near-term availability. Competitive pricing from Thailand and Vietnam intensified as they sought to increase their market share before the new harvest.

### Affordability

The Argus Affordability Index fell again in August, by 0.5 points to 0.61 — the lowest level since April 2022. A further rally in urea and DAP prices through August — particularly in nitrogen prices — as well as a more moderate rise in MOP prices continued to weigh heavily on the index, with no support from crop prices. All four crop prices used in the index fell in August, weighing on affordability. Fertilizers are currently deemed to be unaffordable.

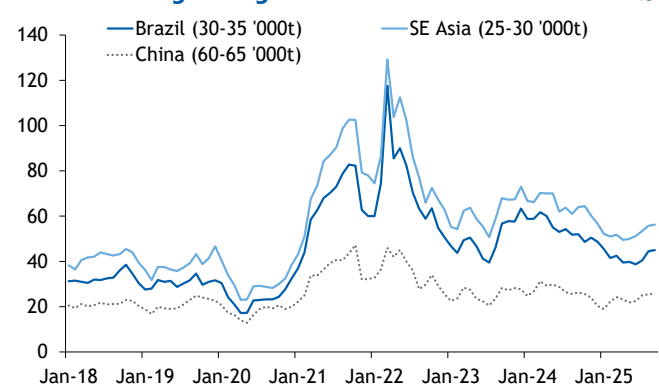
## Freight

### Red Sea

Yemen's Houthi militant group has resumed attacks on Red Sea shipping, after US strikes on Iran rendered the ceasefire agreed between the rebels and the US void. The ceasefire had meant that all vessels that were not Israeli-owned or Israeli-flagged could transit the Red Sea without fear of attack. But the Houthis have now pledged to attack any vessels of shipping companies that do business with Israeli ports, regardless of nationality. Israel and the US have responded to the resumption of hostilities with further strikes on Yemen. The increased risk of attack has resulted in additional war risk premiums (AWRPs) for vessels transiting the Red Sea more than

### Vancouver origin freight

\$/t



doubling between June and July, encouraging ships to avoid the region and travel around the Cape of Good Hope instead. Attacks on Red Sea shipping are likely to continue in the near future, resulting in longer transit times as vessels continue to avoid using the Suez canal.

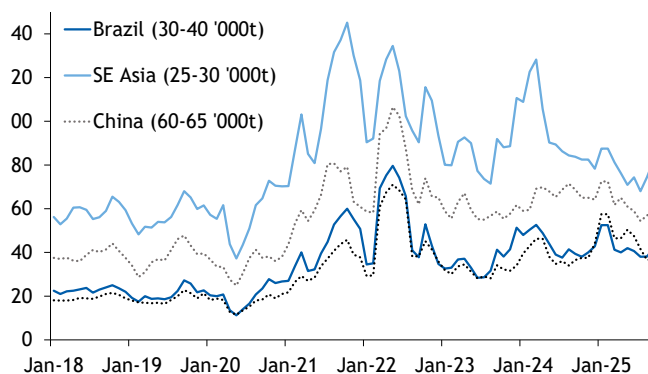
The Israeli port of Eilat remains operational, despite reports that it would shut down, following an emergency government meeting. Houthi attacks in the Red Sea have reduced the number of ships that call at the port, putting the operator of the port in financial difficulty. Two ships called at Eilat in the first eight months of 2025, down by 97pc from the 77 vessels that called at the port over the same period in 2023. The future of the port remains uncertain, as it still has outstanding tax debts of over \$100,000. But it is unlikely that the number of ships calling at Eilat will increase unless attacks on vessels doing business with Israel cease.

### Baltic Sea

The Port Favor terminal in Russia's Baltic port of Ust-Luga will start receiving mineral fertilizers from spring 2026. When fully operational, the terminal will be able to export up to 14mn t/yr of fertilizers. Over 4.4mn t of MOP have been exported from Ust-Luga so far this year and a new transshipment terminal will

### Baltic origin freight

\$/t



increase the volumes of MOP that Belaruskali, Eurochem and Uralkali will be able to export to overseas markets.

### Freight rates

MOP freight rates for product originating from Vancouver have mostly increased this quarter, led by an almost \$7/t rise in rates to Brazil between June and September, which is likely to have been because of higher charges to use the Panama canal. Freight rates from Baltic ports also increased over the past quarter, although rates to New Orleans fell by over \$4/t.

## Economic indicators — global GDP

The IMF's latest *World Economic Outlook* forecasts that the global economy will grow by 3pc in 2025 and 3.1pc in 2026, more than it was expecting just three months earlier. The revisions come with the caveat that "risks to the global economy remain firmly to the downside", chief economist Pierre-Olivier Gourinchas says. He also notes the possibility that President Donald Trump's tariffs could be reset to higher levels or that the trade deals he has concluded may unravel.

The effective US tariff rate is 17pc as of mid-July — lower than the 24pc rate if Trump had made good on his plans in April to impose higher rates, the IMF estimates. Since then, the US has struck deals with the UK — keeping the US tariff rate at 10pc — and followed a similar model with the EU, Japan and South Korea, now all subject to a 15pc tariff.

Turning to the US economy, GDP grew at an annual rate of 3pc in the second quarter of 2025, rebounding from a 0.5pc decline in the first quarter. The increase was driven primarily by higher consumer spending and lower imports, based on advanced estimates released by the US Bureau of Economic Analysis. On employment, total non-farm payroll employ-

ment in the US climbed by 73,000 in July, the lowest since April. The unemployment rate held steady at 4.2pc, with job gains in healthcare and social assistance compensating for declines in federal government employment and non-farm payrolls, according to the US Bureau of Labor Statistics.

In China, the country's manufacturing purchasing managers index dropped to 49.3 in July from 49.7 in June, indicating continued contraction caused by a seasonal slowdown and extreme weather conditions, according to the National Bureau of Statistics. China's GDP growth hit 5.3pc in the first half of 2025, despite a slowdown in the second quarter. The growth was partially driven by stronger-than-expected exports. The country's export value totalled \$325bn in June, up by 2.9pc on the month and 5.6pc on the year, Chinese customs data show. The month-on-month increase was partially driven by a rush to send cargoes to the US so that they would arrive before 9 August, the US' deadline for imposing an additional 24pc tariff on Chinese goods.

The eurozone economy expanded at the lowest possible rate in the second quarter of this year, according to prelimi-

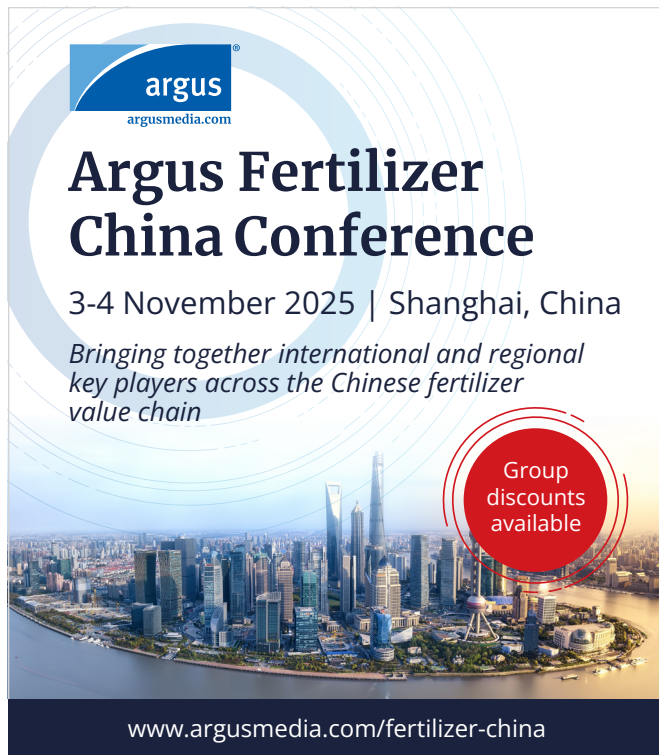
nary figures from EU statistical office Eurostat. Seasonally adjusted GDP increased by 0.1pc in the single-currency bloc and by 0.2pc in the EU as a whole. These mark a slowdown from revised respective growth of 0.6pc and 0.5pc in the first quarter, Eurostat said. The highest growth was in Spain. Germany's economy contracted for a second time in three quarters. Italy's GDP turned negative, as did that of Ireland after remarkable growth in the first quarter.

Argentina's economy continues to expand, growing by 6.2pc in the six months to June compared with a decline of 3pc during the same period a year earlier, according to preliminary data from statistics agency Indec. The economy expanded by 6.4pc in June, with double-digit growth in financial services and the wholesale and retail sectors. Manufacturing was up by 7.8pc from a year earlier. The mining sector grew by 11pc, while manufacturing was up by 7.8pc from a year earlier. June was the ninth consecutive month of economic expansion.

President Javier Milei's administration has stopped economic decline and rampant inflation by reducing the size of the state and dramatically curbing public expenditure, includ-

ing subsidies for power and natural gas. Subsidies of public services were down by 26.6pc in the 12 months ending July. Subsidies have dropped from 2.1pc of GDP in 2023 to 0.4pc, according to the government. Inflation for the first six months of this year was 17.3pc, compared with 87pc during the same period a year earlier, according to Indec. The government's top economic concern now is the exchange rate, with the peso falling by 12pc against the US dollar in July.

Mexico's association of finance executives, IMEF, increased its 2025 GDP growth forecast in its August survey, with trade tensions easing after a major US tariff hike was postponed. IMEF raised its full-year GDP growth estimate to 0.4pc from the 0.1pc held over the past three months, but emphasised that growth will remain "very weak" for the rest of this year. The increase followed the US decision to pause for 90 days its plans to raise the flat tariff rate on Mexico to 35pc from 25pc, originally scheduled for 1 August. IMEF now expects Mexico's central bank to make additional cuts to its targeted interest rate to reach 7.25pc by the end of the year, compared with 7.5pc projected in the July survey and the current 7.75pc. It also projects that the peso will finish 2025 at Ps19.70/\$1, stronger than the Ps20.10/\$1 forecast in July.



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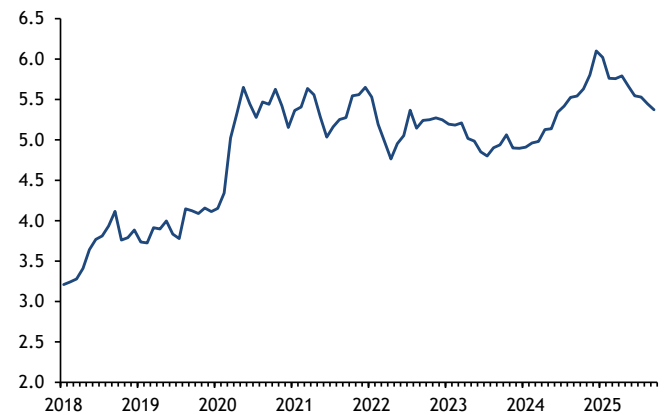
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## Currency indicators

### Brazilian real

The Brazilian real has continued to strengthen against the US dollar in 2025, reaching R5.37:\$1 in September compared with R6.02:\$1 in January, a strengthening of 11pc. This is the strongest the real has been against the dollar since June 2024. This comes as Brazil's central bank maintained its benchmark interest rate (Selic) at 15pc in September for the fourth month in a row, to combat inflation. The high interest rate has begun to put downward pressure on inflation, which has fallen by 22 basis points since June to 5.13pc, but remains above the bank's target for 2025 of 4.5pc. Brazil have been investigating how to respond to the 50pc tariffs the US imposed on the country on 6 August. One option considered has been reciprocal tariffs, but it is likely that such a move would instigate a trade war with the US and have dramatic repercussions for the real.

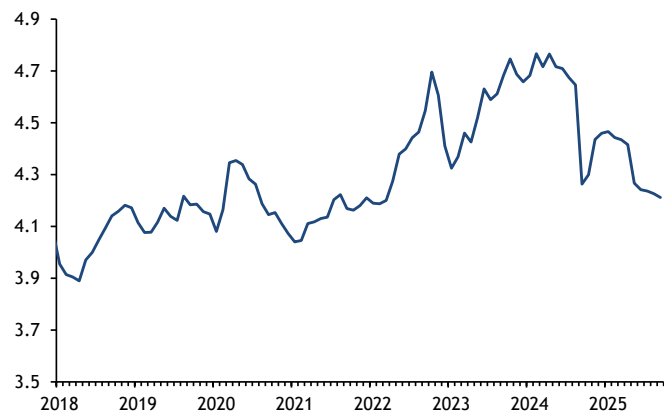
### Real:\$ exchange rate



### Malaysian ringgit

The Malaysian ringgit has continued to strengthen gradually against the US dollar in the third quarter, reaching 4.21 ringgit:\$1 in September compared with 4.47 ringgit:\$1 in June. This represents the strongest the ringgit has been against the dollar since March 2022. The central bank of Malaysia lowered the overnight policy rate to 2.75pc in July and maintained it at this level in August, supporting continued growth in the Malaysian economy. In the first half of 2025, the Malaysian economy expanded by 4.4pc, driven by sustained consumer spending and investment activities. Importantly, while the economy continues to grow strongly, inflation remains relatively stable. It rose to 1.3pc in August but still remained 60 basis points lower than a year earlier. The continued strong performance of the Malaysian economy suggests that the ringgit will strengthen further against the US dollar in 2025.

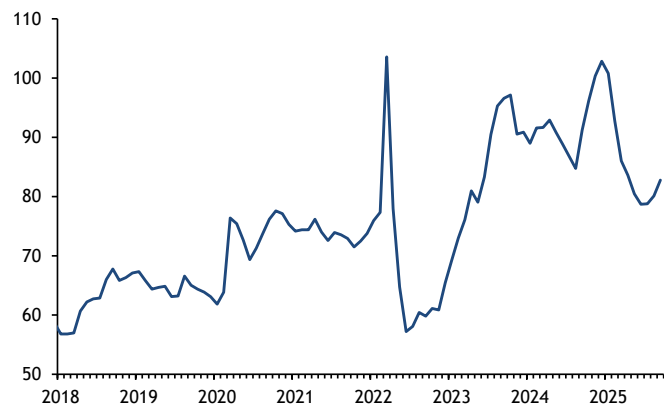
### Ringgit:\$ exchange rate



### Russian rouble

The strengthening of the rouble against the US dollar in the first half of 2025 has eased slightly in the third quarter, with the rouble reaching Rbs83:\$1 in September. This comes as inflation in the Russian economy fell from 9.4pc in June to 8.1pc in August, driven by tighter fiscal policy from the central bank. The central bank cut the key rate by 100 basis points to 17pc in September after it had been held at 21pc from October 2024-May 2025. The rouble has been weakening over the past quarter, despite the improving Russian economy. This has been driven by increasing sanctions on the Russian economy from the EU, with the start of a ban on importing Russian LNG being brought forward by one year to January 2027. Tighter sanctions will negatively impact the Russian economy and cause the rouble to weaken further.

### Rouble:\$ exchange rate



## SOP outlook

### China

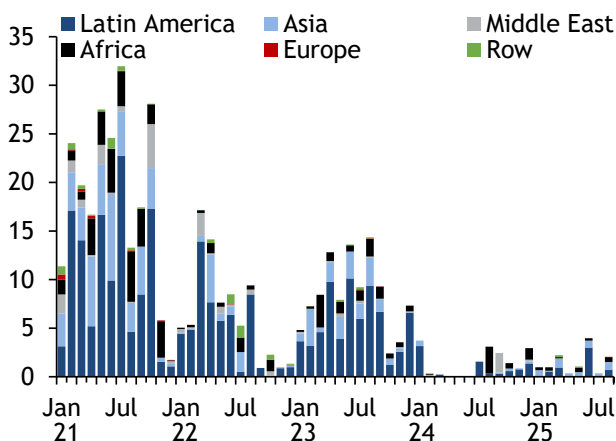
China halted all customs inspections for exports of all fertilizers in small bags, including SOP, in July. This followed a halt on the customs inspections for exports of bulk cargoes and bigger bags in May 2023. As a result, bags of SOP that had already been approved for export could still be exported, but no new approvals will be given going forward. China still exported 2,048t of SOP in August, despite the inspection halt, according to customs trade data. Some Chinese trading firms are re-exporting cargoes from other origins, suggesting that the August export volumes are likely to have been made up of re-exports and the residual SOP bags that had previously been approved for export. No clear guidance has been given to indicate how long the suspension will last, but market participants have suggested that it will continue until 30 April 2026.

The average Mannheim operating rates of Chinese SOP producers have been falling over the past quarter, dropping to a low of 38.4pc in the first week of September. Operating rates fell below 40pc in August for the first time since mid-2022. These low levels are a result of weak domestic demand for SOP and tight supply of MOP. Downstream demand for SOP from NPK producers during the third quarter has been low because NPK sales for autumn application have yet to start in earnest.

Luobupo finished its six-week summer maintenance in August and has been gradually increasing operating rates at its plants. Other primary SOP producers are following suit, putting further downward pressure on Mannheim operating rates because supply from primary producers is sufficient to cover domestic demand at this time.

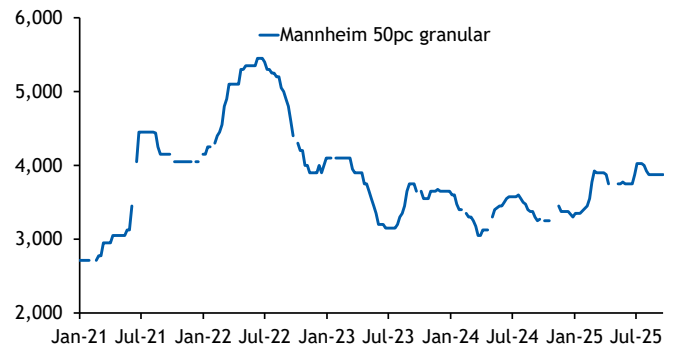
### China SOP exports

'000t



### China domestic SOP price

Yn/t



Taiwanese SOP exports in January-July fell by 3pc compared with a year earlier to 122,000t, according to trade data. But within this overall export decrease, shipments to India across the same period increased by more than 66pc from a year earlier to 18,000t.

### Australia

SO4's 200,000 t/yr Lake Way potash project has started to export its first volumes of SOP from the Western Australian port of Fremantle. Production at the plant began in June 2024 and the company aims to reach full capacity by the end of the third quarter next year. The project aims to supply SOP to domestic and export markets, but logistical challenges may make shipping volumes by rail to eastern Australia unfavourable. SO4 is planning to send 40,000 t/yr to the domestic market once it is producing at full capacity, with the rest being exported to a small number of countries, including Mexico, Peru and Spain.

### Pakistan

Barket Fertilizers' fourth SOP unit will start producing in September. Once the new unit is on line, the plant will have a capacity of 50,000 t/yr split equally between granular and water-soluble grades. The company has plans for another expansion at its Muhammad Bin Qasim plant, which would increase capacity to 64,500 t/yr. Barket is targeting the new expansion to come on line at the end of the first quarter of 2026, but it is not yet included in our capacity forecast.

### Egypt

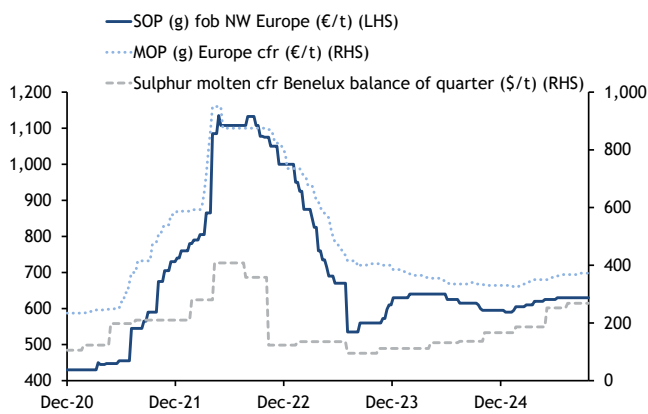
EFIC has delayed the start of production at its 40,000 t/yr water-soluble SOP project at Ain Sokhna to the end of the year. The start date of the plant was originally meant to be at the beginning of June but had already been pushed back to the third quarter before this most recent delay. EFIC will use

its own sulphuric acid as a raw material for SOP production but will need to import MOP. EFIC will target the domestic and export markets with supply from the plant.

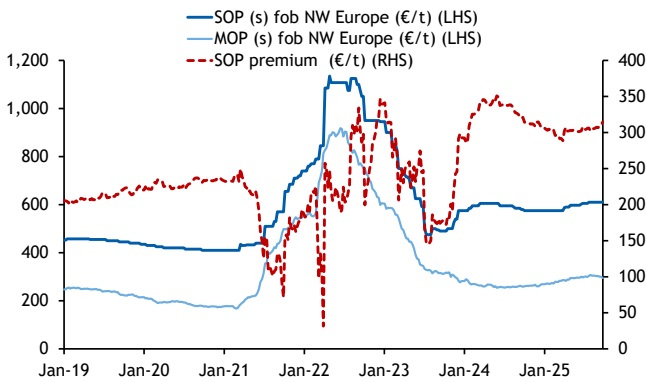
**Europe**

Demand for all grades of SOP has been seasonally quiet over the summer, allowing producers to build inventories ahead of the autumn application season. Prices have remained

**SOP price series**

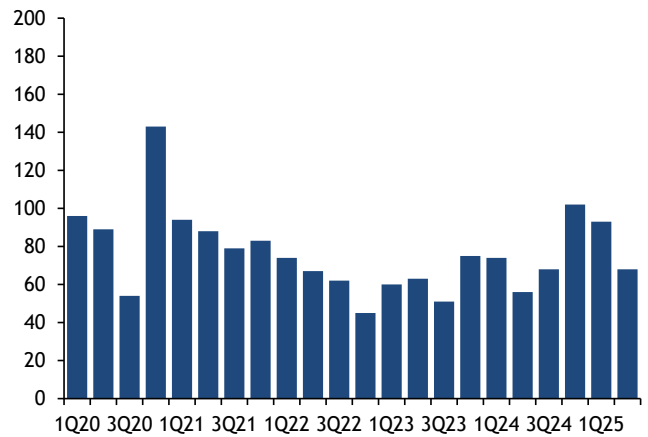


**SOP premium to MOP**



**Compass quarterly SOP sales**

'000st



essentially flat over the period, with granular SOP staying at €600-660/t bulk throughout the whole quarter. Standard SOP maintained its position at €600-620/t bulk in September.

Cinis Fertilizer produced 18,000t of water-soluble SOP at its Ornskoldsvik plant in Sweden in the first half of 2025, with 10,800t of this being produced in the second quarter. In the first half of the year Cinis had been undertaking maintenance and improvement works at the plant as it ramps up to its full 100,000 t/yr capacity by the end of 2025. This ramp-up will see the company start producing standard SOP as well as water-soluble SOP.

**US**

Compass Minerals reported second-quarter SOP sales of 68,000st, an increase of 21pc compared with the same period a year earlier. Higher production in 2025 has allowed the company to expand outside of its typical markets, resulting in increased sales. This has led to higher distribution costs as Compass sends volumes to markets outside the western US. The strong performance through the first half of 2025 has led Compass to revise its forecast for 2025 sales volumes up to 320,000-325,000st from 295,000-315,000st.

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#### Registered office

Lacon House, 84 Theobald's Road,  
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#### Global compliance officer

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Martin Gijssel

#### President, Expansion Sectors

Christopher Flook

#### SVP Consulting services

Lloyd Thomas

#### Editor

Marina Simonova  
Tel: +44 20 7780 4200  
[fertilizer@argusmedia.com](mailto:fertilizer@argusmedia.com)

#### Customer support and sales:

[support@argusmedia.com](mailto:support@argusmedia.com)  
[sales@argusmedia.com](mailto:sales@argusmedia.com)

London, Tel: +44 20 7780 4200

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