

## EXECUTIVE SUMMARY

### Potash prices mainly flat

Cfr MOP prices were mainly steady this week, as the markets continued to adjust to the large China and India contract settlements that cover volumes for the remainder of 2020. Fob prices fluctuated on changes to currency exchange rates and freight costs.

Some suppliers are looking to start shipments to China and India imminently; others are yet to finalise negotiations.

## MARKET DRIVERS

### China SOP operating rates start to dip

Operating rates for Mannheim SOP producers in Hebei and Shandong have been higher than usual, as strong HCL prices, low sulphuric acid feedstock costs and exports are driving production. But levels fell this week in both provinces, to 60-65pc from 75pc last week in Shandong, and to 70pc from 80pc in Hebei, as some plants are undergoing maintenance. Levels are likely to fall back to 50-60pc of production capacity from July, as export levels diminish seasonally.

### Suppliers settle MOP contracts in India

ICL, BPC, APC and Uralkali Trading have all agreed contracts to supply standard MOP covering the rest of the year with Indian buyer IPL. ICL agreed to supply 410,000t of potash, with mutual options to supply an additional 30,000t. BPC tonnages agreed were 600,000t with 50,000t of options. Uralkali agreed to supply 450,000t with 50,000t of options. APC tonnages are around 225,000t with 50,000t of options.

## 30-60 DAY OUTLOOK

### Up, down, flat

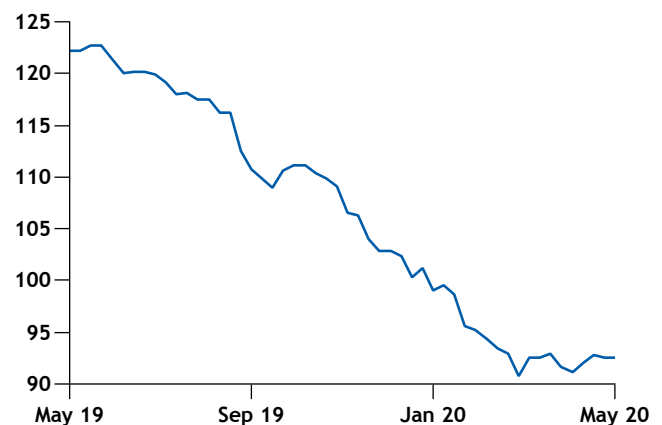
Granular MOP prices will continue to press upwards in Brazil, as suppliers have confidence to hold offer levels as supply becomes tighter. Southeast Asia is still uncertain, but farming activity has been dampened by the impact of Covid-19, and demand looks set to lead to price falls in some countries there. Granular MOP prices in Europe are steady, and should remain so on the seasonal demand lull.

## PRICES

| Key potash prices                |         |         |  | \$/t |
|----------------------------------|---------|---------|--|------|
|                                  | 21 May  | 14 May  |  | ±    |
| Argus standard MOP index, points | 92.452  | 92.508  |  | ▼    |
| <b>MOP - fob standard bulk</b>   |         |         |  |      |
| Vancouver                        | 178-230 | 180-232 |  | ▼    |
| <b>MOP - cfr standard bulk</b>   |         |         |  |      |
| Southeast Asia                   | 232-255 | 232-255 |  | ◀ ▶  |
| <b>MOP - granular bulk</b>       |         |         |  |      |
| US Nola fob, \$/st               | 198-205 | 198-205 |  | ◀ ▶  |
| Thailand/Vietnam cfr             | 260-275 | 260-275 |  | ◀ ▶  |
| Brazil cash cfr                  | 215-225 | 215-225 |  | ◀ ▶  |
| Europe cfr, €/t                  | 235-250 | 235-250 |  | ◀ ▶  |
| Australia cfr                    | 290-315 | 290-315 |  | ◀ ▶  |
| South Africa cfr                 | 245-255 | 270-280 |  | ▼    |
| <b>SOP - fob standard bulk</b>   |         |         |  |      |
| Northwest Europe, €/t            | 410-430 | 410-430 |  | ◀ ▶  |

| Potash freight |             |           |        | (\$/t) |     |
|----------------|-------------|-----------|--------|--------|-----|
| Loading        | Destination | MOP '000t | 21 May | 14 May | ±   |
| Baltic Sea     | Brazil      | 30-40     | 10-12  | 10-12  | ◀ ▶ |
| Baltic Sea     | SE Asia     | 25-30     | 36-38  | 36-38  | ◀ ▶ |
| Baltic Sea     | China       | 60-65     | 24-26  | 23-25  | ▲   |
| Baltic Sea     | US Nola     | 50-55     | 10-12  | 10-12  | ◀ ▶ |
| Hamburg        | Brazil      | 30-35     | 9-11   | 9-11   | ◀ ▶ |
| Red Sea        | WC India    | 25-30     | 10-12  | 10-12  | ◀ ▶ |
| Vancouver      | China       | 60-65     | 11-14  | 11-14  | ◀ ▶ |
| Vancouver      | SE Asia     | 25-30     | 21-23  | 22-24  | ▼   |
| Vancouver      | Brazil      | 30-35     | 15-17  | 16-18  | ▼   |

### Argus standard MOP index

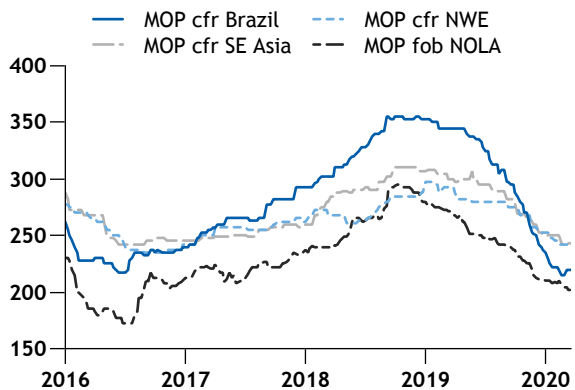


Index rebased to 100 as of 1 June 2017

Source: Argus, IFA

Key MOP prices

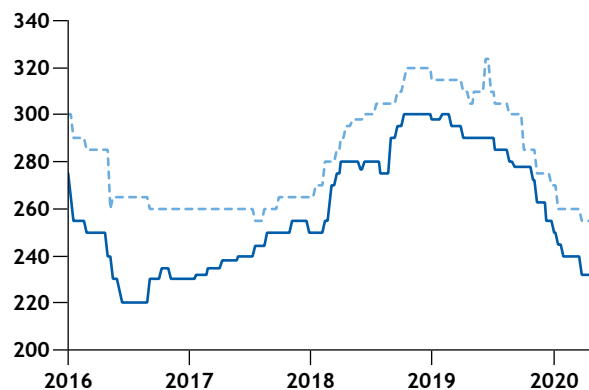
\$/t



ASIA

sMOP cfr southeast Asia range

\$/t



China

BPC and ICL had vessel enquiries out for 50,000-65,000t cargoes due to leave ports on 11-17 May for 1-3 ports in China. Both settled contracts to supply China with MOP volumes recently. Canpotex has also settled contracts. Uralkali, K+S and APC have yet to confirm concluded negotiations.

China domestic market

Domestic potash prices were all stable this week, with the exception of Russian-origin white standard MOP and Qinghai province 57pc powder MOP, which fell.

Enquiries for exported volumes of SOP are still strong, but weaker demand domestically kept prices flat.

Operating rates for Mannheim SOP producers in Hebei and Shandong have been higher than usual, as strong HCL prices, low sulphuric acid feedstock costs and exports are driving production. But levels fell this week in both provinces, to 60-65pc from 75pc last week in Shandong, and to 70pc from 80pc in Hebei, as some plants are undergoing maintenance.

| Potash prices                            | 21 May  | 14 May  | \$/t   |
|--|---------|---------|--------|
|  |         |         | ±      |
| <b>Spot prices</b>                       |         |         |        |
| Argus standard MOP index, points         | 92.452  | 92.508  | -0.06  |
| <b>MOP - fob standard bulk</b>           |         |         |        |
| Vancouver                                | 178-230 | 180-232 | -2.00  |
| Northwest Europe                         | 187-243 | 187-240 | +1.50  |
| Baltic/Black Sea                         | 185-239 | 186-235 | +1.50  |
| Jordan                                   | 210-233 | 210-233 | nc     |
| Israel                                   | 179-242 | 179-238 | +2.00  |
| Chile                                    | 183-233 | 183-229 | +2.00  |
| <b>MOP - fob granular bulk</b>           |         |         |        |
| Vancouver                                | 196-250 | 198-252 | -2.00  |
| Northwest Europe                         | 205-264 | 205-261 | +1.50  |
| Baltic/Black Sea                         | 203-260 | 204-256 | +1.50  |
| Jordan                                   | 227-254 | 227-253 | +0.50  |
| Israel                                   | 197-263 | 197-259 | +2.00  |
| Chile                                    | 201-254 | 201-250 | +2.00  |
| <b>MOP - cfr standard bulk</b>           |         |         |        |
| Southeast Asia                           | 232-255 | 232-255 | nc     |
| <b>MOP - fob granular bulk</b>           |         |         |        |
| US Nola, \$/st                           | 198-205 | 198-205 | nc     |
| <b>MOP - cfr granular bulk</b>           |         |         |        |
| Brazil cash                              | 215-225 | 215-225 | nc     |
| Europe, €/t                              | 235-250 | 235-250 | nc     |
| Australia                                | 290-315 | 290-315 | nc     |
| South Africa                             | 245-255 | 270-280 | -25.00 |
| Thailand/Vietnam                         | 260-275 | 260-275 | nc     |
| <b>SOP - fob standard bulk</b>           |         |         |        |
| Northwest Europe, €/t                    | 410-430 | 410-430 | nc     |
| <b>SOP - fob granular</b>                |         |         |        |
| Northwest Europe bulk, €/t               | 430-450 | 430-450 | nc     |
| East Asia bagged                         | 410-430 | 410-430 | nc     |
| <b>SOP - cfr granular bulk</b>           |         |         |        |
| Australia                                | 450-490 | 450-490 | nc     |
| <b>Nutrient values</b>                   |         |         |        |
| MOP fob northwest Europe K2O             | 358     | 356     | +2.00  |
| SOP fob northwest Europe K2O             | 902     | 890     | +12.00 |
| Implied premium for low-chlorine product | 544     | 534     | +10.00 |

|                                | Latest  | Previous |        |
|--------------------------------|---------|----------|--------|
| <b>Contract prices</b>         |         |          |        |
| <b>MOP - fob standard bulk</b> |         |          |        |
| Vancouver                      | 203-207 | 250-266  | -53.00 |
| Northwest Europe               | 245-257 | 257-262  | -8.50  |
| Baltic/Black Sea               | 194-200 | 194-244  | -22.00 |
| Jordan                         | 217-270 | 259-270  | -21.00 |
| Israel                         | 196-217 | 196-269  | -26.00 |
| <b>MOP - cfr standard bulk</b> |         |          |        |
| India 180 days                 | 230     | 280      | -50.00 |
| China                          | 220     | 290      | -70.00 |

| MOP Fundamentals | mn t |      |       |        |               |
|------------------|------|------|-------|--------|---------------|
|                  | 2017 | 2018 | 2019* | 2020** | 2021**        |
| Demand           | 64.7 | 66.6 | 64.7  | 66.7   | 67.2          |
| Nameplate Cap    | 90.2 | 91.5 | 90.7  | 91.0   | 93.2          |
| Operating Cap    | 80.0 | 81.5 | 80.3  | 80.5   | 85.2          |
| Operating Rate   | 80%  | 82%  | 81%   | 83%    | 85%           |
| *estimated       |      |      |       |        | - Argus Media |
| ** projected     |      |      |       |        |               |

Levels are likely to fall back to 50-60pc of production capacity from July, as export levels diminish seasonally.

Luobupo 52pc powder SOP offers were unchanged at Yn2,650-2,700/t first-stop delivered, and granular 52pc remained at Yn2,800-2,850/t first-stop delivered. Luobupo has stopped production until September for planned maintenance.

Mannheim 52pc powder SOP offers were unchanged at Yn2,700/t ex-works, and 50pc powder SOP remained at Yn2,550-2,600/t.

SOP producers could reduce Mannheim SOP prices in the next few weeks, reflecting lower MOP feedstock prices as a result of the recent contract settlement at a \$70/t reduction from previous prices.

QHSL held MOP 60pc powder or crystal offers at Yn1,820/t first-stop delivered. Zangge's MOP 60pc powder or crystal stabilized at Yn1,820/t first-stop delivered. Smaller MOP plants in Qinghai province reduced offer levels for 57pc powder MOP to Yn1,350/t ex-works, from Yn1,400-1,425/t ex-work last week.

At ports, Russia white 62pc MOP dropped by Yn65/t to Yn1,900/t ex-warehouse, Russia red MOP stabilized at Yn1,850-1,900/t ex-warehouse. The granular MOP prices reduced to Yn1,990 from Yn2,250-2,275/t ex-warehouse. Port MOP inventories remained at 3.7mn-3.8mn t.

#### QHSL suspends SSE listing after persistent losses

China's state-controlled potash producer Qinghai Salt Lake Industry (QHSL) is suspending its listing on the Shenzhen stock exchange (SSE), in line with exchange policy, after suffering losses from 2017 to 2019. But the suspension is unlikely to affect its MOP production and sales. QHSL had MOP output of 5.63mn t in 2019.

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#### India

ICL, BPC, APC and Uralkali Trading have all agreed contracts to supply standard MOP covering the rest of the year with IPL. ICL agreed to supply 410,000t of potash, with mutual options to supply an additional 30,000t. BPC tonnages agreed were 600,000t with 50,000t of options. APC tonnages are around 225,000t with 50,000t of options, and Uralkali agreed to supply 450,000t with 50,000t of options.

Uralkali said the price and conditions "reflect the current market situation, in contrast to the commercial terms of the Chinese contract, which were considered suboptimal by most companies in the industry".

BPC settled the first China MOP contract this year at a headline price of \$220/t cfr, setting the price for other suppliers to follow. But Uralkali said on 5 May that it needed to

| India: MOP vessels arrived and scheduled |                    |           |                |            |           |
|--|--------------------|-----------|----------------|------------|-----------|
| Seller/Buyer                             | Vessel             | Tonnes    | Loadport       | Disport    | Arr.      |
| Apr 17-Mar 18                            |                    | 5,047,812 |                |            |           |
| Apr-18-Mar19                             |                    | 4,391,104 |                |            |           |
| Apr-19 - Mar-20                          |                    | 3,995,716 |                |            |           |
| April                                    |                    | 405,832   |                |            |           |
| Canpotex/Mosiatic                        | Royal Neptune      | 58,920    | Vancouver      | Mundra     | 2-Apr-20  |
| Canpotex/Chambal                         | Royal Neptune      | 17,903    | Vancouver      | Kandla     | 4-Apr-20  |
| BPC/Smartchem                            | Western Honolulu   | 10,020    | Klaipeda       | Haybunder  | 6-Apr-20  |
| ICL/IPL                                  | Audacious          | 20,006    | Eliat          | Tuticorin  | 9-Apr-20  |
| BPC/RCF                                  | Pacific Calm       | 34,800    | Klaipeda       | Hay Bunder | 10-Apr-20 |
| ICL/IPL                                  | Audacious          | 25,000    | Eliat          | Chennai    | 13-Apr-20 |
| APC/IPL                                  | AHU C              | 31,500    | Aqaba          | Kandla     | 16-Apr-20 |
| Canpotex/IPL                             | Atlantic Monterrey | 34,962    | Vancouver      | Dhamra     | 16-Apr-20 |
| Canpotex/IRC Agro                        | Atlantic Monterrey | 21,121    | Vancouver      | Haldia     | 27-Apr-20 |
| Uralkali/IPL                             | GH Seabird         | 30,000    | St. Petersburg | Tuticorin  | 27-Apr-20 |
| BPC/IPL                                  | Hiroshima Star     | 45,000    | Klaipeda       | Vizag      | 27-Apr-20 |
| K+S/IPL                                  | Cerulean Phoenix   | 41,600    | Hamburg        | Mangalore  | 29-Apr-20 |
| APC/IPL                                  | Ocean Silver       | 35,000    | Aqaba          | Mundra     | 30-Apr-20 |
| May                                      |                    | 271,843   |                |            |           |
| BPC/PPL                                  | Hiroshima Star     | 24,690    | Klaipeda       | Paradip    | 3-May-20  |
| Canpotex/CIL                             | Sakizaya Kalon     | 34,850    | Vancouver      | Kakinada   | 9-May-20  |
| Canpotex/Chambal                         | Sakizaya Kalon     | 10,290    | Vancouver      | Kakinada   | 9-May-20  |
| Canpotex/IRC Agro                        | Sakizaya Kalon     | 11,494    | Vancouver      | Kakinada   | 9-May-20  |
| Canpotex/IRC Agro                        | Sakizaya Kalon     | 21,221    | Vancouver      | Haldia     | 13-May-20 |
| Canpotex/Mosiatic                        | Astraea SB         | 32,421    | Vancouver      | Kakinada   | 18-May-20 |
| BPC/IPL                                  | Nighthawk          | 55,000    | Klaipeda       | Kandla     | 22-May-20 |
| Canpotex/Chambal & IRC                   | Zheng Run          | 53,785    | Vancouver      | Kakinada   | 23-May-20 |
| Canpotex/Chambal                         | Astraea SD         | 28,092    | Vancouver      | Kandla     | end May   |

"consider whether it is prepared to conclude contracts at the price set by BPC".

FACT has awarded its standard MOP tender to supply 2 x 25,000t to BPC at \$230/t cfr with 180 days of credit for arrival in June-July.

GSFC closed a tender on 20 May to import 2 x 25,000t for shipment in June and August.

**India buys more Malaysian CPO as tensions ease**

India is boosting purchases of Malaysian crude palm oil (CPO) as political tensions start to ease between the two countries and prices fall below those of Indonesian suppliers.

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**Southeast Asia**

Standard and granular MOP prices were steady this week. Standard MOP sales are low, as demand is muted and the region has experienced significantly different levels of disruption because of the impact of Covid-19. Bids and offers are too far apart in some cases.

**Indonesia**

BPC has a vessel enquiry out for a 25,000t to Gresik, loading this week.

Crude palm oil (CPO) front-month futures on Bursa Malaysia are up by 188 ringgit/t from a year earlier, at 2,218 ringgit/t on 20 May. CPO future prices started to rise in October last year, hitting highs for the year in early January 2020 of 3,131 ringgit/t, before quickly tracking back down to recent lows of 2,020 ringgit/t earlier this month.

**Malaysia**

MOP imports fell by 23pc in the first quarter compared with a year earlier, as low demand and oversupply meant restocking in the period was reduced. Of the 357,000t, 139,000t came from Canada, followed by Jordan with 76,000t, and Lithuania and Belarus, where BPC exports its MOP from, at a combined 59,000t.

**Bangladesh**

**Bangladesh MOP tender offers in**

The Bangladeshi agriculture ministry has closed its annual MOP tender. The ministry's lowest offer received was \$227.40/t cfrlo.

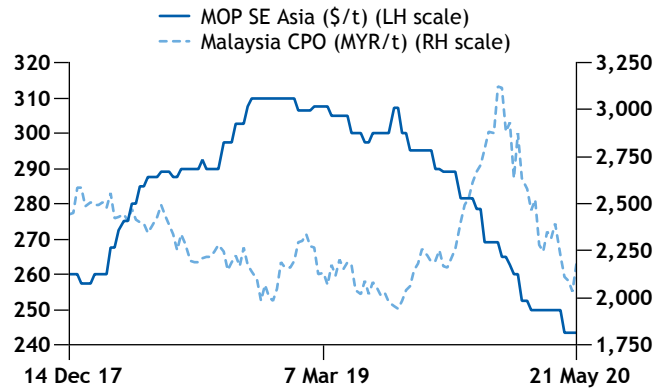
The lowest offers that cover the required volume of 200,000t range \$227.40-\$227.50/t cfrlo, with Russia and Belarus the only origin countries in that range. Canada and

Germany also offered to supply, but at a higher price.

The MOP quantity is down from 350,000t last year. MOP last year was sourced from Russia, Canada and Belarus.

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**SE Asia sMOP cfr vs CPO futures**



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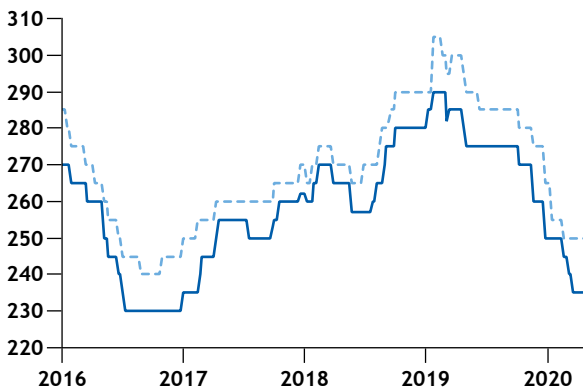
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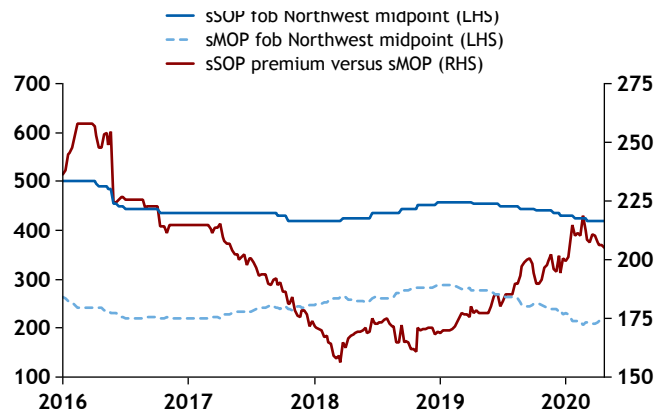
gMOP cfr Europe range

€/t



Europe SOP vs MOP fob

€/t



Northwest Europe

Granular and standard MOP prices were unchanged this week. Demand from regular buyers is steady, but seasonal demand has dipped and prices have settled at €235-250/t cfr.

Germany

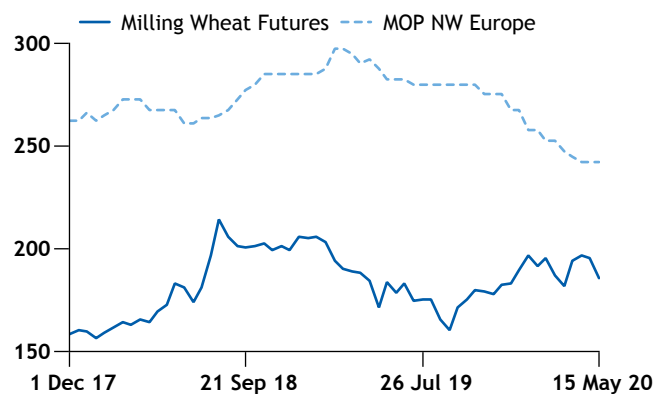
K+S has resolved several enduring issues at its potash operations in Canada and Germany during the first quarter.

Roof stability issues that started in 2018 at the company's Neuhof mine in Germany have now ended. And low k20 nutrient content issues at the Unterbreizbach mine relating to low K20 content were resolved later than end-2019 predictions, and production has stabilised.

In Canada, granulation issues at its 2.9mn t/yr Bethune mine were also resolved during the first quarter. K+S had previously resolved the hardness of granular MOP from Bethune, but still had caking issues into this year.

gMOP cfr Europe vs milling wheat futures

€/t



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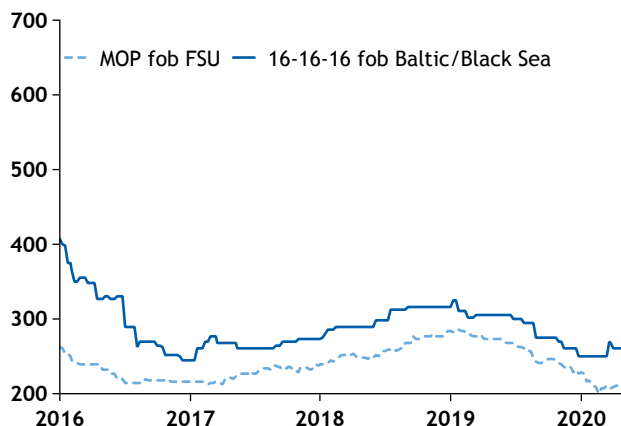
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FSU

Russia

Uralkali has signed a \$665mn loan agreement with 11 global banks, which the company said would be used to refinance its existing loans, as well as general corporate purposes. The pre-export finance facility interest rate is the interbank interest rate benchmark Libor plus a 2.2pc margin, and matures in five years.

sMOP FSU fob vs 16-16-16 Baltic/Black Sea fob \$/t



| Baltic vessel line-ups (inc combination shipments to multiple destinations) |         |       |         |           |                     |                  |
|---|---------|-------|---------|-----------|---------------------|------------------|
| Vessel  | IMO     | Dwt   | Arrival | Departure | Destination country | Destination port |
| <b>St Petersburg MOP vessel line-up April 2020</b>                          |         |       |         |           |                     |                  |
| NEW HUNTER  | 9296781 | 46412 | 3-May   | 5-May     | Nigeria             | Onne             |
| SORMOVSKIY 53   | 8628133 | 3353  | 4-May   | 5-May     | Croatia             | Polace           |
| V TRE   | 9706580 | 37888 | 7-May   | 7-May     | Indonesia           | Telukbayur       |
| PALAU   | 9261035 | 31837 | 7-May   | 9-May     | Belgium             | Ghent            |
| BIRYUZA   | 9549621 | 5026  | 8-May   | 9-May     | Sweden              | Helsingborg      |
| STILIANOS K   | 9478779 | 55625 | 10-May  | 10-May    | Mexico              | Veracruz         |
| SORMOVSKIY 3067   | 8704559 | 3391  | 11-May  | 12-May    | Poland              | Police           |
| DELFBORG  | 9393266 | 6000  | 12-May  | 13-May    | Finland             | Kokkola          |
| <b>Klaipeda MOP vessel line-up May 2020</b>                                 |         |       |         |           |                     |                  |
| JIA HUI SHAN  | 9602966 | 56611 | 4-May   | 8-May     | Morocco             | Jorf Lasfar      |
| HORIZON JADE  | 9579054 | 76032 | 8-May   | 10-May    | US                  | Nola             |
| UNISPIRIT   | 9356402 | 9775  | 9-May   | 12-May    | Cameroon            | Douala           |
| EBROBORG  | 9463451 | 10750 | 10-May  | 10-May    | Italy               | Piombino         |
| LONGSHORE   | 9450806 | 34399 | 10-May  | 11-May    | Brazil              | Vitoria          |
| CLIPPER TALENT  | 9406075 | 30475 | 10-May  | 12-May    | South Africa        | Durban           |

AFRICA/MIDDLE EAST

South Africa

Granular MOP prices fell to \$245-255/t cfr Durban, and have levelled off for now, according to market participants.

One supplier was offering in the \$230's/t, with a rebate included, but no sales were reported at this level, and later in the week indications were that the offer level had moved up to within the assessed range of \$245-255/t cfr.

January-March MOP imports are at around 34,000t but Uralkali and BPC both have 30,000t vessels due to arrive into Durban in June.

South African MOP imports were just over 350,000t last year, down by 12pc on 2018.

**Argus Potash:**  
**Data & Downloads Available**

Argus Potash also features downloadable market data published in spreadsheet format, available only on Argus Direct.

- > [Brazilian MOP imports](#)
- > [US MOP imports](#)
- > [Canada/US MOP exports via vessel](#)

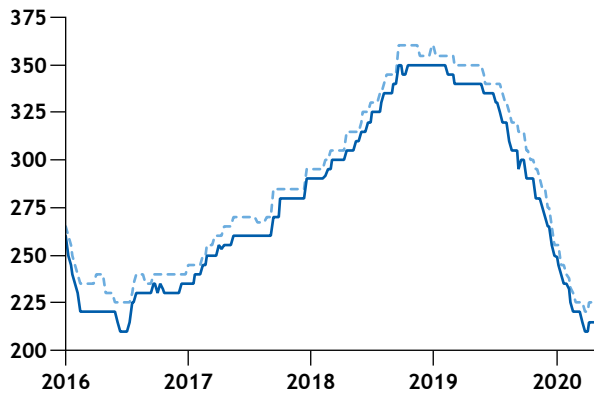
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Granular MOP cfr Brazil price \$/t



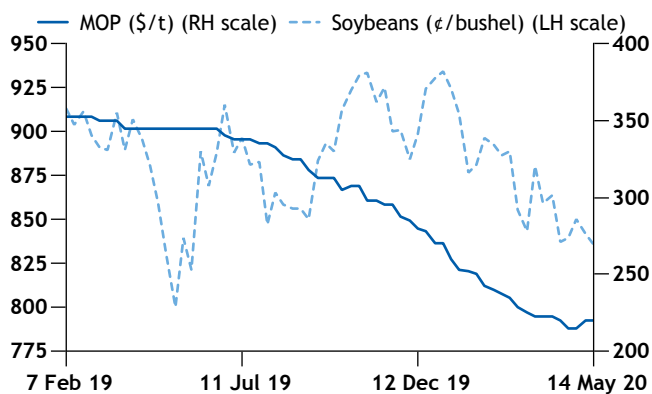
Brazil

Granular MOP prices were steady this week at \$215-225/t cfr for May/June loading. Indications are that July loading tonnages are selling at \$230/t cfr, and suppliers report low or no tonnages available for the month.

But warehouse prices at Paranagua kept prices at the equivalent of \$215/t cfr on the low end, and there are still offers at \$220-225/t cfr elsewhere for the loading window.

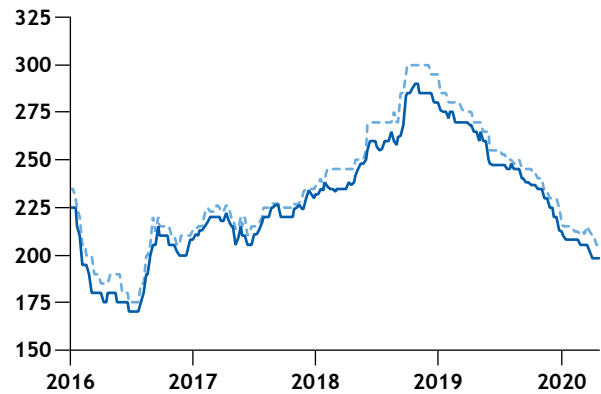
Brazil's soybean exports so far this year have already surpassed half of the entire volume expected for 2020, highlighting the country's competitiveness overseas, encouraging farmers to buy.

Soybean futures vs Brazil gMOP



NORTH AMERICA

gMOP barge fob Nola range \$/st



US

US granular MOP barge prices were stable at \$198-205/st fob Nola this week in the absence of any liquidity at Nola, as buyers await summer-fill programmes, which are usually announced closer to the third quarter.

A decent spring application season has returned buyer inventories to near-normal levels, supporting hopes of a demand recovery over the summer. But low crop values and long-term economic uncertainty posed by Covid-19 continued to fuel concerns about altered buying habits ahead of the autumn/fall application season.

Argus estimates 60,000t will discharge at Nola this month, followed by at least 75,000t in June.

USDA finalizes payment rates for Covid-19 aid

Farmers and ranchers will be allowed to apply on 26 May for relief under the first tranche of the \$16bn of direct financial aid from the US Department of Agriculture's (USDA) Coronavirus Food Assistance Program (CFAP).

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| Brazil Potash line-up: Selected May/June berthings |                        |           |           |            |         |            |          | —Wilson Sons |  |
|--|------------------------|-----------|-----------|------------|---------|------------|----------|--------------|--|
| Port   | Vessel                 | Charterer | Origin    | Product    | Volume  | Receiver   | ETA      | ETB          |  |
| Santos   | Nordcolorado           | Uralkali  | US        | MOP        | 22,000  | Yara       | 05-02-20 | 05-03-20     |  |
| Santos   | Horizon                | Mosaic    | US        | MOP        | 16,497  | Mosaic     | 04-28-20 | 05-04-20     |  |
| Paranagua  | Tomini Unity           | Uralkali  | Lithuania | MOP        | 41,300  | N/A        | 05-03-20 | 05-07-20     |  |
| Santos   | Patagonia              | Mosaic    | US        | MOP        | 32,000  | Mosaic     | 05-06-20 | 05-07-20     |  |
| Itaqui   | Nordorinoco            | Eurochem  | Russia    | MOP        | 18,727  | Tocantins  | 04-28-20 | 05-08-20     |  |
| Rio Grande   | Tn Sunrise             | Canpotex  | Canada    | MOP        | 5,250   | Cibraferil | 05-07-20 | 05-08-20     |  |
| Rio Grande   | Tn Sunrise             | Canpotex  | Canada    | MOP        | 26,752  | Mosaic     | 05-07-20 | 05-08-20     |  |
| Paranagua  | Indian Goodwill        | Canpotex  | Canada    | MOP        | 62,500  | N/A        | 05-04-20 | 05-09-20     |  |
| Rio Grande   | Bright Star            | BPC       | Lithuania | MOP        | 24,200  | Yara       | 05-09-20 | 05-09-20     |  |
| Rio Grande   | Yihai                  | N/A       | Russia    | MOP        | 16,000  | Piratini   | 05-10-20 | 05-10-20     |  |
| Rio Grande   | Yihai                  | N/A       | Russia    | MOP        | 5,500   | Yara       | 05-10-20 | 05-10-20     |  |
| Santarem   | Pedrador               | Uralkali  | Russia    | Fertilizer | 27,169  | N/A        | 05-12-20 | 05-12-20     |  |
| Santos   | Cosco Jin Xiu          | Uralkali  | US        | MOP        | 41,500  |            | 05-11-20 | 05-13-20     |  |
| Tubarao  | Singapore Bulker       | N/A       | Lithuania | MOP        | 45,000  |            | 05-13-20 | 05-13-20     |  |
| Paranagua  | Orpheus                | BPC       | Lithuania | MOP        | 32,400  | Fertipar   | 05-05-20 | 05-15-20     |  |
| Paranagua  | Thalis                 | BPC       | Lithuania | MOP        | 35,000  | N/A        | 05-05-20 | 05-16-20     |  |
| Santos   | Senorita               | Canpotex  | Canada    | MOP        | 51,855  | Mosaic     | 05-12-20 | 05-17-20     |  |
| Santos   | Zeyno                  | Canpotex  | Canada    | MOP        | 47,000  | Mosaic     | 05-13-20 | 05-17-20     |  |
| Porto Alegre                                       | Santa Carolina         | K+S       | Germany   | MOP        | 13,000  | Unifertil  | 05-17-20 | 05-17-20     |  |
| Sao Francisco Do Sul                               | Socratis               | Eurochem  | Russia    | MOP        | 17,500  | N/A        | 05-18-20 | 05-18-20     |  |
| Paranagua  | Beatrice               | BPC       | Lithuania | MOP        | 37,046  | N/A        | 05-16-20 | 05-20-20     |  |
| Paranagua  | Cosco Shipping Jin Xiu | Uralkali  | Russia    | MOP        | 15,850  | N/A        | 05-21-20 | 05-21-20     |  |
| Santos   | Wl Ladoga              | BPC       | US        | MOP        | 30,000  | Yara       | 05-20-20 | 05-24-20     |  |
| Paranagua  | Dione                  | Canpotex  | US        | MOP        | 62,506  | N/A        | 05-24-20 | 05-25-20     |  |
| Santos   | Amis Brave             | Mosaic    | US        | MOP        | 15,000  | Mosaic     | 05-26-20 | 05-26-20     |  |
| Paranagua  | Se Kelly               | BPC       | Lithuania | MOP        | 35,750  | N/A        | 05-19-20 | 05-27-20     |  |
| Santos   | Aceanus                | Canpotex  | Canada    | MOP        | 21,007  | Mosaic     | 05-27-20 | 05-27-20     |  |
| Paranagua  | Bao Run                | N/A       | Germany   | MOP        | 30,000  | N/A        | 05-24-20 | 05-30-20     |  |
| May  |                        |           |           |            | 828,309 |            |          |              |  |
| Santos   | Aetolia                | Canpotex  | Canada    | MOP        | 20,000  | Mosaic     | 05-30-20 | 06-01-20     |  |
| Paranagua  | Amis Brave             | Canpotex  | US        | MOP        | 29,000  | N/A        | 05-26-20 | 06-02-20     |  |
| Sao Francisco Do Sul                               | Aetolia                | Canpotex  | Canada    | MOP        | 8,000   | N/A        | 06-03-20 | 06-03-20     |  |
| Tubarao  | Santa Valentina        | K+S       | Canada    | MOP        | 37,028  |            | 05-29-20 | 06-03-20     |  |
| Rio Grande   | Bao Lucky              | Uralkali  | Russia    | MOP        | 8,000   | Yara       | 06-04-20 | 06-04-20     |  |
| Paranagua  | Aetolia                | Canpotex  | Canada    | MOP        | 23,820  | N/A        | 06-01-20 | 06-05-20     |  |
| Santos   | Crimson Ace            | Canpotex  | Canada    | MOP        | 51,000  | Mosaic     | 06-09-20 | 06-12-20     |  |
| Vitoria  | Santa Valentina        | K+S       | Canada    | MOP        | 8,000   | Piratini   | 06-12-20 | 06-12-20     |  |
| Paranagua  | Cymona Energy          | Canpotex  | Canada    | MOP        | 60,000  | N/A        | 06-21-20 | 06-21-20     |  |
| June   |                        |           |           |            | 244,848 |            |          |              |  |



## NEWS AND ANALYSIS

### Yara restructures global operations

Norwegian fertilizer producer Yara announced a large-scale restructuring of its global operations on 20 May.

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### Polish Grupa Azoty 1Q fertilizer sales up, profits fall

Leading Polish fertilizer producer Grupa Azoty's sales volumes rose in the first quarter as farmers brought forward purchases amid fears the Covid-19 outbreak would reduce supply.

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### EU mulls 20pc ferts reduction by 2030

The European Commission today put forward a so-called farm-to-fork strategy that also calls for national measures to reduce the use of fertilizers by at least 20pc thanks to a 50pc or more reduction in nutrient loss by 2030.

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### UK to reduce fertilizer tariffs post-Brexit transition

The UK will introduce lower fertilizer import tariffs from 2021, when its transition period for leaving the EU ends.

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### Ag relief in Heroes Act draws mixed response

The colossal \$3 trillion stimulus bill that passed in the Democrat-controlled US House of Representatives on 15 May is drawing mixed responses from agricultural interests.

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### Further HOS exemptions to benefit agriculture shipments

Expanded hours of service (HOS) exemptions released yesterday will relax off-season, short-haul agricultural shipments and enable flexibility during adverse trucking conditions.

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### Argentina nears end of smaller soybean crop

Argentina's 2019-20 soybean harvest is 87.4pc complete and heading toward a total estimated 49.5mn tons, down by 10.2pc from the previous crop of 55.1mn t, according to the Buenos Aires grain exchange.

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### Brazil's soy exports surpass 50pc of expected volumes

Brazil's soybean exports so far this year have already surpassed half of the entire volume expected for 2020, highlighting the country's competitiveness overseas.

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### Covid-19 brings uncertainty to Brazilian cotton market

The Covid-19 pandemic and the resulting recession are hitting demand for cotton all over the world and may reduce fertilizer purchases in Brazil.

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View the methodology used to assess potash prices at [www.argusmedia.com/methodology](http://www.argusmedia.com/methodology). Your feedback is always welcome at [fertilizer@argusmedia.com](mailto:fertilizer@argusmedia.com)

### ARGUS DRY BULK FREIGHT MARKET UPDATE

Fertilizer freight rates for Supramax vessels edged slightly higher this week but the majority of momentum was generated on the back of high bunker fuel prices. The time charter rates were relatively stable with limited changes to the supply/demand fundamentals.

Several charterers have made new cargoes available in the Pacific and Atlantic basins but a significant surplus of available tonnage remains across both. South American grain exports have not risen but enough of a margin to absorb this surplus and shipowners continued to compete for cargoes across the market.

And an increase in the trade dispute between China and Australia has also weighed on the markets. China recently issued import duties on Australian barley and has banned imports of beef from four Australian abattoirs. Suppliers of seaborne thermal coal are also growing increasingly concerned that China plans to suspend coal imports from Australia, which will free up a range of vessels to compete on other routes.

But both 3.5pc sulphur and 0.5pc sulphur bunker fuel price have pushed up in Singapore and Rotterdam. The Singapore 0.5pc material has risen by \$47.76/t to \$274.69/t since 14 May while the 3.5pc grade in the same port has risen by \$43.75/t to \$210/t over the same period. There have been similar increases in Rotterdam. Given most Supramax ships burn an average of 32t/d, this would mean an increase in daily costs of at least \$1,500/d – or 86¢/t over a 30-day voyage for a 55,000t cargo. This has helped to pull rates higher.

The cost of freight across the various transatlantic markets is stable in the \$4000-6,000/d range while fronthaul cargoes continued to command higher rates in the \$10-11,000/d but cargo volumes were limited.

### ARGUS NPK MARKET UPDATE

The focus turned to Africa this week as Malawi’s SFFRFM opened a tender for 45,000t of 23-10-5+6S+1Z and Senegal’s government allocated 150,000t of fertilizers, half of which were NPKs, to a range of suppliers. To ensure sufficient supply in all areas, Senegal’s government usually allocates a certain volume of NPKs to local suppliers across the country, who must then source the product.

Tanzania’s TFRA tender process is still ongoing, with applicants expected to be approved by the end of the month, who will then be eligible to participate in the tender for an expected 18,000t of 10-18-24 and 18,000t of 22-6-12, to be supplied in July-August.

African demand was welcome as European demand remained minimal, with most buyers holding off closing deals in anticipation of potential price falls. But despite weak demand both Russian and Moroccan suppliers were holding offer prices into Europe stable on a fob basis, although falling freight rates and a strengthening euro against the dollar have helped lower cfr prices this month.

In Asia, the market awaits the results of two recent Fact tenders while in Latin America demand is lively on Mexico’s west coast, but buyers in Brazil are holding back in the hopes of lower prices.

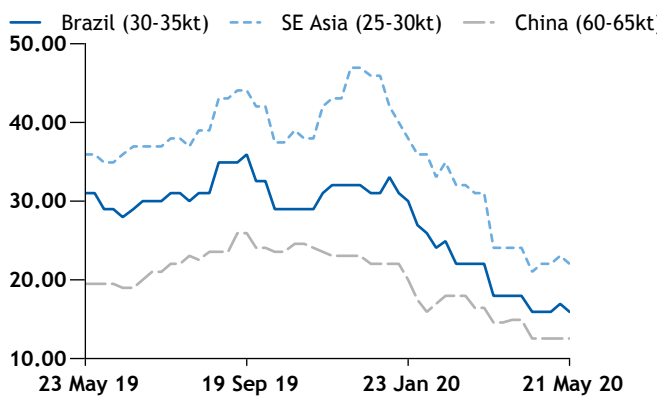
### 30-60 day outlook

Mostly flat

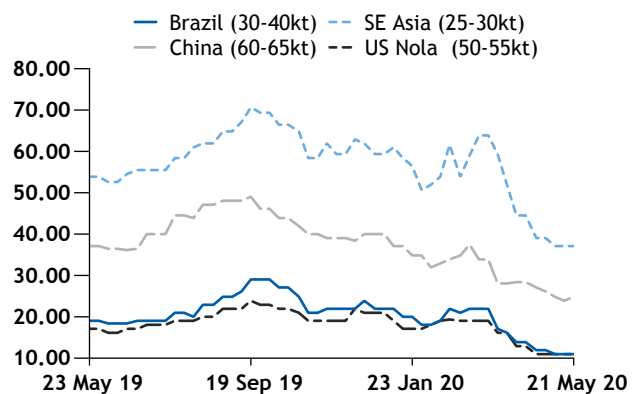
A widening spread between buying and selling ideas and little urgent demand in most markets is holding prices steady.

*This is an extract from the new weekly Argus NPKs report. For more information, or to request a free trial to Argus NPKs, please email us on [info@argusmedia.com](mailto:info@argusmedia.com) or call +44 20 7780 4200.*

Key freight rates from Vancouver, Canada \$/t



Key freight rates from Baltic region \$/t



| New and recent MOP mines |                      |                      |                                  |                                  |                                  |                                  |
|--------------------------|----------------------|----------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Production start         | Company (Mine name)  | Region, Country      | Nameplate capacity (mn t/yr KCl) | Estimated production 2019 (mn t) | Projected production 2020 (mn t) | Projected production 2021 (mn t) |
| 2018                     | K+S Kali (Bethune)   | Saskatchewan, Canada | 2.86                             | 1.80                             | 2.05                             | 2.30                             |
| 2019                     | Eurochem (Usolskiy)  | Palashersk, Russia   | 3.00                             | 1.14                             | 1.94                             | 2.30                             |
| 2019                     | Eurochem (Volkakali) | Kotelnikov, Russia   | 2.30                             | 0.10                             | 0.10                             | 0.40                             |
| Total                    |                      |                      | 8.16                             | 3.04                             | 4.09                             | 5.00                             |

| New capacity, 2020-22 |                     |         |                    |   |
|-----------------------|---------------------|---------|--------------------|---|
| Company               | Location            | Date    | ± Capacity mn t/yr | Status  |
| Arab Potash           | Safi, Jordan        | 2020    | 0.14               | Capacity expansion at current mine. Construction is under way                               |
| ICL                   | Suria, Spain        | 2020    | 0.32               | Expansion at current Suria site. Construction is under way                                  |
| Lao Kaiyuan           | Longhu, Laos        | 2020    | 0.50               | Capacity expansion at current mine. Construction is under way                               |
| Uralkali              | Solikamsk-3, Russia | 2021    | 0.60               | Capacity expansion at current mine, construction has been delayed                           |
| Belaruskali           | Petrikov, Belarus   | 2021    | 1.50               | Greenfield project. Commercial start-up has been delayed until July 2021 from December 2019 |
| EuroChem              | Usolskiy-II, Russia | 2021-22 | 1.00               | Brownfield expansion. Construction yet to start   |
| Total                 |                     |         | 4.06               |   |

| MOP: Summary of production curtailments/losses and sales reductions |                |   |                          |   |
|---|----------------|---|--------------------------|---|
| Country   | Company        | Event/ Impact   | Period                   | Reason  |
| Canada  | Mosaic         | Colonsay potash production (2.1mn t/yr) idled as company focusses on developing lower cost Esterhazy K3 project ramp-up.                            | September 2019 onwards   | High MOP inventories at end of second quarter and lower sales   |
| Chile   | SQM            | SQM increasing potash production in 2020 after falls in 2019 and 2018. SQM forecasts close to 1mn t of MOP sales for 2020.                          | Ongoing since 2017       | Lithium oversupply, changes to SQM's product mix, water restrictions  |
| Turkmenistan  | Turkmenkhimiya | Little production at 1.4mn t/yr Garlyk mine   | Ongoing since March 2017 | Little production as a result of technical difficulties. Reports of ore quality and flooding issues, and legal issues with Belarusian mine builder Belgorkimprom. |
| Spain   | ICL            | Production halted at 950,000 t/yr Suria and 250,000 t/yr capacity Sallent mines in Spain  | March 2020 onwards       | Impact of coronavirus   |
| UK  | ICL            | Production at Boulby polyhalite mine cut to 50pc of capacity around March, at 70-80pc capacity as of mid-May.                                       | March 2020 onwards       | Impact of coronavirus   |
| Russia  | Eurochem       | Volkakali underground mine construction progress slower than expectations. Volkakali output will remain marginal at 50,000-100,000t of MOP in 2020. | 2020                     | Underground development slowed by geology   |

| Potash sales selection |          |                          |             |                        |             |                |
|------------------------|----------|--------------------------|-------------|------------------------|-------------|----------------|
| Origin                 | Seller   | Buyer                    | Destination | '000t                  | Price       | Shipment       |
| <b>MOP</b>             |          |                          |             |                        |             |                |
| Jordan                 | APC      | IPL                      | India       | 275kt                  | \$230/t cfr | May 20-Dec 20  |
| Russia                 | Uralkali | IPL                      | India       | TBC                    | \$230/t cfr | May 20-Dec 20  |
| Belarus                | BPC      | CNAMGPC, CNOOC, Sinofert | China       | TBC                    | \$220/t cfr | May 20-Dec 20  |
| Israel                 | ICL      | CNAMGPC, CNOOC, Sinofert | China       | 910 sMOP + 490 options | \$220/t cfr | May 20-Dec 20  |
| Canada                 | Canpotex | CNAMGPC, CNOOC, Sinofert | China       | TBC                    | \$220/t cfr | May 20 Oct 20  |
| Canada                 | Canpotex | IPL                      | India       | 300 sMOP               | \$230/t cfr | May 20-Dec 20  |
| Ger/Can                | K+S      | IPL                      | India       | 100 sMOP               | \$280/t cfr | Dec 19 -Mar 20 |
| Jordan                 | APC      | IPL                      | India       | 150 sMOP               | \$280/t cfr | Oct 19 -Mar 20 |
| Israel                 | ICL      | IPL                      | India       | 275 sMOP               | \$280/t cfr | Oct 19 -Mar 20 |
| Belarus                | BPC      | IPL                      | India       | 400 sMOP               | \$280/t cfr | Oct 19 -Mar 20 |
| Canada                 | Canpotex | IPL                      | India       | 100 sMOP               | \$280/t cfr | Oct 19 -Mar 20 |
| Russia                 | Uralkali | IPL                      | India       | 350 sMOP               | \$280/t cfr | Oct 19 -Mar 20 |

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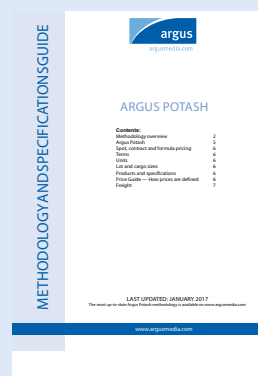
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For a hard copy, please email [info@argusmedia.com](mailto:info@argusmedia.com), but please note that methodologies are updated frequently and for the latest version, you should visit the internet site.



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