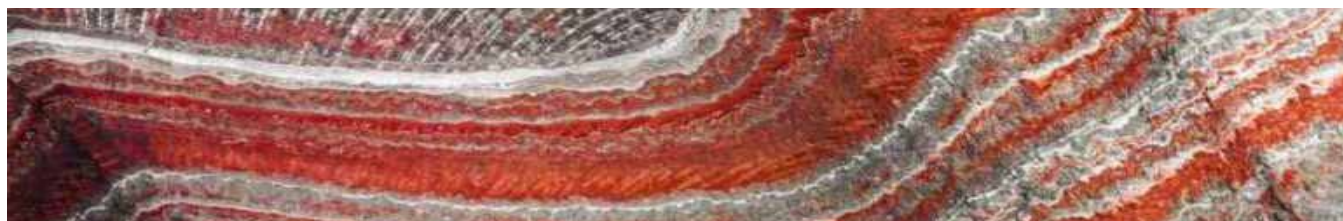


# Argus Quarterly Potash Outlook



## Outlook

### The month ahead

The main potash buyers in China and India have settled contract with BPC and Uralkali but continue to discuss contracts with other major suppliers. Supply should become less tight as production curtailments in Belarus and Russia are resolved by the end of the second quarter. Prices and market sentiment will remain firm, continuing the trend so far this year.

### The next 3-6 months

The market will continue to monitor the conflict in the Middle East, with Israeli potash supply potentially at risk. The end of maintenance in Belarus and Russia and the ramp-up of commercial run rates at new capacity additions will increase supply. Strong demand from key markets such as Brazil, China, India and Indonesia coupled with low stocks will continue to support prices, before they start to fall in the fourth quarter.

### 12 months forward

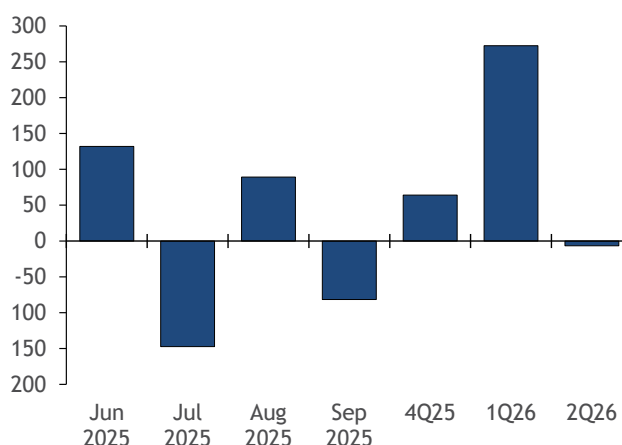
Supply will continue to increase as new capacity is commissioned, easing the market balance and allowing prices to stabilise. Fertilizer affordability issues will weigh on prices, with buyers either resisting higher prices or reducing purchasing, putting pressure on demand. Structural oversupply at the start of 2026 will weigh on prices, despite demand picking up seasonally for the spring season in key markets. But demand will remain strong in 2026 overall, which will help support higher prices in the second quarter next year.

| Forecast potash prices |         |         |         |         |         | \$/t    |
|------------------------|---------|---------|---------|---------|---------|---------|
|                        | Jul     | Aug     | Sep     | 4Q25    | 1Q26    | 2Q26    |
| Vancouver fob          | 291-330 | 291-333 | 296-330 | 291-325 | 265-301 | 266-295 |
| FSU fob                | 272-303 | 277-305 | 272-309 | 268-305 | 256-277 | 256-286 |
| Southeast Asia cfr     | 360-385 | 365-388 | 360-385 | 357-380 | 343-355 | 343-353 |
| Brazil cfr             | 365-375 | 370-380 | 375-385 | 360-372 | 338-348 | 340-357 |
| Europe cfr €/t         | 360-375 | 360-375 | 365-380 | 358-376 | 348-372 | 345-370 |

download data on [Argus direct](#)

## MOP global balance forecast

'000t



## Outlook summary

- Several major MOP contracts settled at higher prices in India and China
- Summer fill uptake in the US expected to be significant
- Canpotex is fully committed to the end of September
- Rising tensions in the Middle East boost sentiment
- Russian and Belarusian supply is expected to increase in 3Q as maintenance ends
- Strong palm oil prices lift southeast Asian MOP demand

MOP prices over the past quarter have continued their increase since the start of this year, supported by strong demand in key import markets, geopolitical tensions, initial tariff uncertainty, robust palm oil prices and more favourable potash affordability compared with other nutrients. Several long-awaited annual contracts were concluded in major import markets China and India in June at price increases of \$66-73/t compared with year-earlier levels, and were done earlier in the year than in 2024. This provides a robust demand outlook for the rest of 2025 that should support a steady flow of deliveries. New India and China contracts at higher prices of \$346-349/t are setting benchmarks for global pricing, while supply constraints are providing the conditions for suppliers to push up offers over time.

The Israel-Iran conflict has firmed market sentiment, despite it so far having no direct impact on ICL's operations or shipments. The firming narrative is also coming from rising concerns regarding the volatility of freight rates, potential vessel safety problems and higher insurance costs, which could disrupt shipping in the region, providing support to delivered potash prices.

The signing of several new Indian MOP contracts with major suppliers such as BPC, Uralkali and APC at \$349/t cfr has provided a boost to Indian demand, with more tenders expected to keep global availability tight. Meanwhile, China has agreed a new contract with Uralkali at \$346/t, just \$3/t below India's price but an increase of \$73/t compared with a year earlier, driven in part by lower port stocks in the country. The narrow discount to the Indian price highlights tighter market sentiment, but broader discussions for contract volumes are continuing with other suppliers.

Indonesian MOP imports have been notably higher given healthy affordability from strong palm oil prices in the first quarter, and we expect this to be a continuing feature in

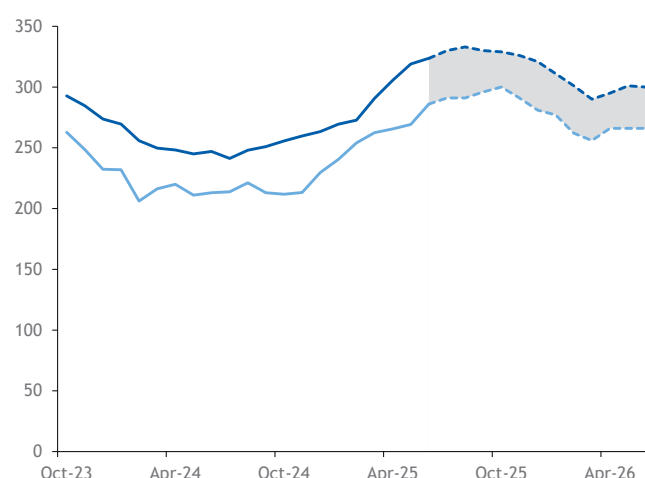
| Price comparison   |             |              |              |              | \$/t             |
|--------------------|-------------|--------------|--------------|--------------|------------------|
|                    | May average | Jun estimate | Jul forecast | Aug forecast | Market sentiment |
| Vancouver fob      | 269-319     | 286-324      | 291-330      | 291-333      | ▲                |
| FSU fob            | 266-298     | 263-301      | 272-303      | 277-305      | ▲                |
| Southeast Asia cfr | 350-369     | 353-375      | 360-385      | 365-388      | ▲                |
| Brazil cfr         | 361-369     | 365-370      | 365-375      | 370-380      | ▲                |
| Europe cfr €/t     | 344-363     | 357-370      | 360-375      | 360-375      | ▲                |

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2025. Additionally, India's southwest monsoon rains arrived on 24 May, setting in over Kerala eight days ahead of the normal start date, making it the earliest onset since 2009. A rise in the maximum retail price (MRP) will improve margins for MOP importers in India. And in China, inventories are assessed as being low compared with previous years, and below the target of 3mn t. China will need to start importing more meaningfully soon or the country will find itself in a similar situation for next year's contract negotiations. These factors combined will support an increase in demand from east of Suez.

West of Suez, the US market will start to quieten once the summer fill programme wraps up, and with spring having finished. The US market has fewer supply concerns compared with other regions, given that the vast majority of its potash is shipped from Canada, and with the uncertainty over tariffs between the countries having been clarified. The next wave of demand is not expected until August and while we think

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



overall autumn consumption will be slightly lower than last year, strong crop planting will temper this erosion, as the soil will need to be replenished.

Activity in the European market has slowed materially as it has entered the off-season. But some demand in eastern European markets remains as buyers prepare for the autumn. We expect some forward selling to take place as some buyers may look to offset the risk of prices continuing to rise in the second half of the year.

On the supply side, Belarus' exports have grown sharply, despite production curtailments, with shipments of 5.1mn t in January-May more than 1mn t higher than in the same period last year. Similarly, Russian exports have increased on the year, despite production curtailments. But major producers continuing to sustain robust exports has not prevented prices being driven by a sense of tighter availability.

Robust demand emerging following contract settlements and geopolitical uncertainty will keep near-term prices strong, despite expected higher output from Belarusian producers in the third quarter. But looking ahead to 2026, we expect increased output from producers combined with new capacity ramping up to outweigh any rise in demand, putting pressure on prices, particularly during the off-season periods.

China's domestic SOP market is currently in its seasonal lull. Potash use during the summer application season is subdued, which will dampen demand for product in the third quarter. Taiwanese exports to Pakistan have declined compared with last year, as a result of buyers in Pakistan opting for more domestically produced product to counter rising international prices. In Europe, demand is seasonally low, and the regional premium of SOP to MOP remains wide. In Egypt, SOP production has not been impacted by a curtailment in natural gas supply from Israel.

## Revisions to forecast

Since March, the lower end of the price range has largely followed our forecast from the first quarter, but the upper end has been higher than we anticipated, owing partly to the sharp rise in tensions in the Middle East in the intervening period. Looking forward, we have revised the higher levels of the price forecast upward by approximately \$20/t throughout the forecast period, reflecting the firm prices that we have seen so far this year. We expect prices to peak around September-October, before declining into next year when the current up-trend in the market stabilises to an extent. Prices are expected to resume rising with the onset of strong spring demand in all major markets.

### Forecast downside risk

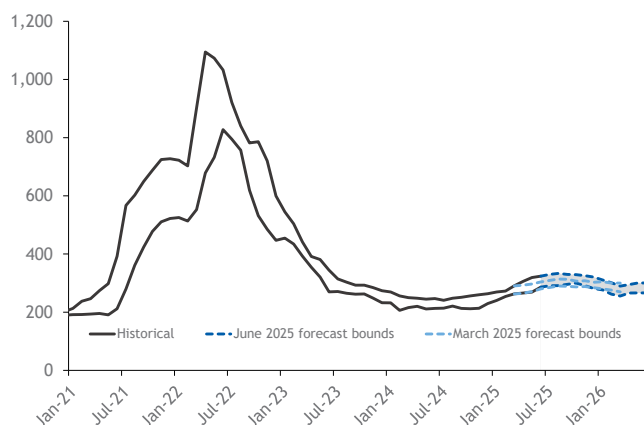
Weaker market sentiment and lower prices could be triggered by higher availability, if other producers follow Belaruskali's lead and increase their output to take advantage of rising MOP prices, and as the ramp-up of capacity additions accelerates. The market expectation is that Chinese demand for MOP will be strong this year because of the country's currently low MOP port stocks. But if demand is limited by the increased contract price of \$346/t cfr this year, the resulting oversupply in the market could result in a reduction in prices. The downside risk has low probability given the current geopolitical environment.

### Forecast upside risk

The main upside risk to the forecast is that demand strength maintains its momentum and the conflict between Israel and Iran escalates. Not only would this affect ICL's production and export capabilities, but it could have a significant impact on global trade and freight rates. Further announcements of supply curtailments from key producers would also bring stronger prices, supported by firm crude palm oil values and the implementation of new biofuel mandates in southeast Asia favouring potash-intensive crops.

### MOP short-term forecast comparison

\$/t



## Regional demand

### Brazil

Brazilian potash prices will firm further in the coming months as result of rising concerns over delivery times that will strengthen competition for prompt supply ahead of the soybean season. Brazilian fertilizer buying is largely prioritising urea and phosphates in the near term, with demand for potash relatively subdued, led by greater resistance from farmers and retailers inland given current price levels. But supply is tight, offsetting slower buying activity.

We estimate that there is still availability for some shipment for June and July, but suppliers are under no pressure to shift these volumes quickly, which offers little opportunity for prices to soften. Brazilian MOP prices have risen steadily this year, holding at \$365-370/t cfr in June so far — around a \$56/t climb since January, although there has been much more stability in recent weeks. It is clear that resistance to rising MOP prices is building, and further price growth will be more gradual compared with the past few months.

Strong demand led to record-high Brazilian MOP imports for January-May at 5.41mn t, almost 1pc above the receipts in same period in 2024, which were well above the five-year average. Strong interest is emerging for near-term imports to meet residual demand ahead of the soybean season, especially with concerns over potential supply disruption from Israel. This is likely to incentivise some importers to approach other suppliers for additional volumes, increasing competition from alternative sources.

Brazilian national supply company Conab has increased its estimate for expected soybean output in 2024-25 from 168.3mn t estimated in May to around 169.6mn t, which

would be a record high. Brazilian corn production is estimated at around 128.3mn t in 2024-25, an increase of 1.1pc, or 1.4mn t, from last month's estimate.

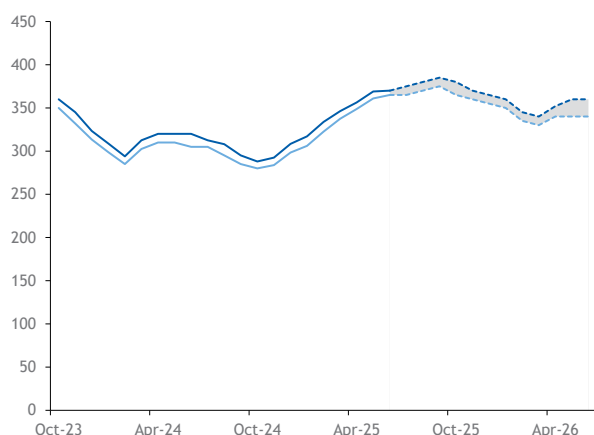
### US

US potash prices at Nola have averaged \$330/short ton so far this month, a 3pc increase compared with May. Domestic activity has slowed in recent weeks as pre-plant applications slowly wrapped up across the Ohio Valley and the western Corn Belt, and as buyers waited for an announcement from Canadian producer Nutrien about summer pricing.

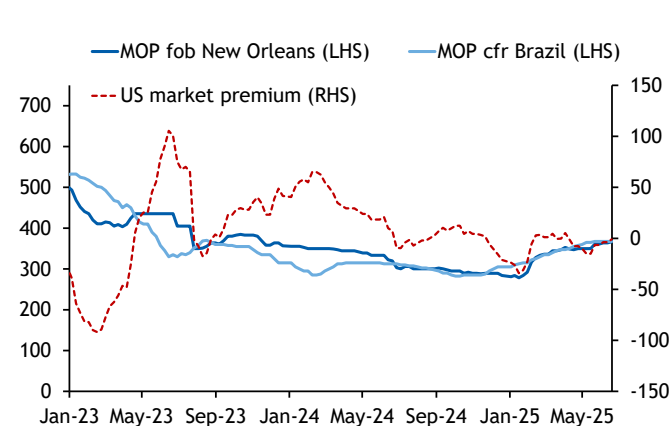
Following the announcement, Nutrien is continuing to offer granular MOP at \$390/st fob Midwest — which is the same as the producer's previously announced price — as part of its summer fill pricing programme, netting back to \$332/t fob Nola. We expect robust offtake as part of the summer fill programme, with the lack of a price reset unlikely to materially discourage purchasing activity. Buying will wind down in the next few weeks as the summer fill programme concludes, and we do not expect the next wave of demand to emerge until August, when buyers will need to attract producers' attention away from the Brazilian market in order to compete for volumes.

US potash prices are expected to be stable to firm in the near term, driven by strong agricultural fundamentals, concerns over tight supply from major exporters and robust seasonal demand for imports. MOP imports to the US for the 2024-25 season are around 10pc higher than the five-year average, aided by tariff-free status. Potential supply disruption from Israel is prompting buyers to diversify sources, boosting demand for North American potash, although as Canada already meets the vast majority of this, its impact will be limited.

**Brazil cfr (granular) high-low prices and forecast**



**\$/t US-Brazil price spread**



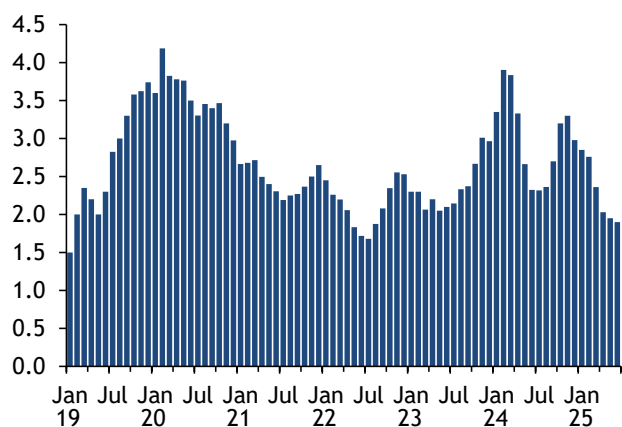
## China

Russian producer Uralkali finalised a new standard MOP contract price with China of \$346/t cfr on 12 June, which was \$73/t higher than the previous Chinese contract settlement, covering deliveries until the end of this year. The discount to India is narrower this year, given firmer global pricing and tighter supply. MOP imported by rail from Russian producers was notably low in April and May, with no monthly shipment contract signed last month, dampening overall inflows. Russian firm Eurochem shipped nothing to China over this period, while Belaruskali's January-May volumes of 540,000t were 27pc lower than a year earlier, latest rail data indicate.

MOP port stocks in China stood at 1.9mn t as of the second week of June, down by 444,000t from this time last year, highlighting the shift in the global balance towards more consistently tight availability. These levels sit well below its required 3mn t of reserves, and along with low port stocks will incentivise importers to secure supply sooner rather than later to replenish inventories and improve buyers' negotiating positions ahead of the next season, adding price support in the coming months. Talks over contract volumes between the Chinese buying consortium and major suppliers are continuing.

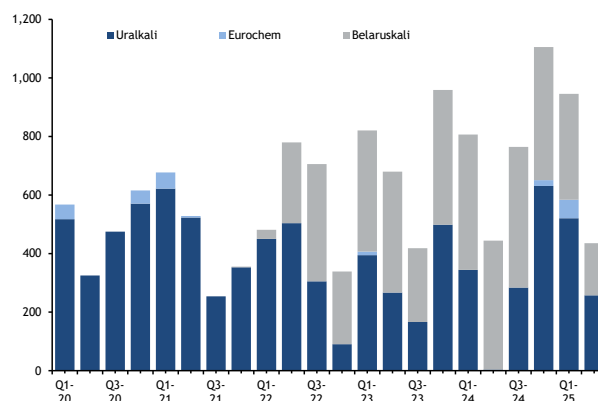
Domestic MOP prices are stable to firm in the second half of June, but activity remains limited because the market is still in its off-season, and NPK producers have not yet begun to ramp up offtake ahead of the autumn production period. There are also mixed views MOP price direction, which is leading to some buyers taking a wait-and-see approach. We expect supply to remain tight, which will support domestic prices, but overall imports will be limited slightly for the second half of 2025 given firm demand in other regions.

## China MOP port stocks



## China railed MOP imports

'000t



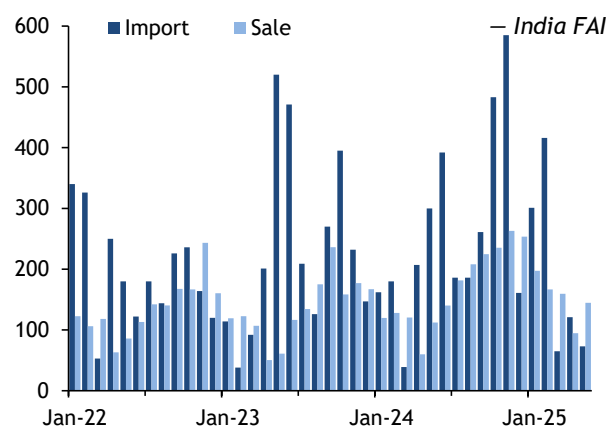
## India

MOP imports in the first two months of India's fertilizer year starting 1 April totalled just 194,000t, down by 62pc from the 507,000t in the same period last year. In contrast, sales surged by 39pc year on year to 239,300t in April-May, driven by an early onset of the monsoon season. Indian MOP inventories fell in May compared with April as imports continued to be outpaced by rising domestic sales. But we expect stocks to begin to recover soon, after the conclusion of new standard MOP contracts in early June.

Lower imports are unsurprising given the delay in setting a new Indian contract price, which was only agreed in early June. Uralkali and Indian buyer IPL signed a deal on 5 June, shortly after Belarusian firm BPC reached a similar agreement with IPL on 3 June. Both contracts were settled at a headline price of \$349/t cfr. The contracted volumes will be around 650,000t until the end of December, which is in line with volumes last year. Since then, most major suppliers have agreed their contracts with India, which will trigger more Indian buyers to step into the import market to procure their needs with greater urgency. This includes a deal between IPL

## India MOP import and sale

'000t



and Jordan's APC to cover deliveries until the end of 2025. The exact volumes have not been disclosed, but they will be in line with the partners' long-term agreement to trade 275,000-325,000 t/yr in 2022-26.

Indian sellers have also increased the maximum retail price (MRP) for standard MOP to 36,000 rupees/t (\$419/t), up from Rs30,500/t, to support importers' margins, which have been eroded by rising contract prices. Under the previous MRP, we estimate imports were loss-making at around \$49/t, but with the additional revenue from a higher MRP, producers should be able to generate a positive return.

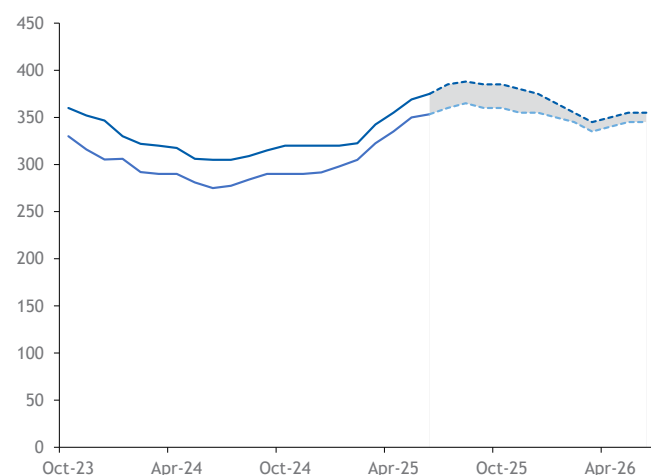
### Southeast Asia

Southeast Asian standard MOP prices have firmed to an average of \$353-375/t in June so far, up from \$350-369/t in May. Rising tensions in the Middle East, combined with the recent conclusion of MOP supply contracts to India and China, have contributed to higher standard MOP prices across the region.

The conflict between Israel and Iran has so far had minimal direct impact on the southeast Asian potash market, given limited MOP shipments from Israel to the region. But freight rates are likely to firm, especially for cargoes departing from the Red Sea, which will support higher delivered prices in the near term.

Some importers are holding stocks purchased earlier at lower prices, making them reluctant to accept the higher prices being offered for new shipments. But we expect the majority of buyers will be more prepared to accept higher spot prices in the near term, with a firmer price trend persisting over the next two months.

### Southeast Asia cfr high-low prices and forecast \$/t



### Indonesia

Indonesian MOP imports have risen substantially compared with historical levels. Imports for January-May rose to just under 1.8mn t — well above 1.2mn t over the same period last year, and more than 56pc above the five-year average.

Increased appetite earlier this year can in part be attributed to healthy affordability as a result of strong palm oil prices and steadily rising MOP prices over the first quarter, which encouraged buyers to step in before prices rose further. Indonesian president Prabowo Subianto has outlined food security as a core objective of his government and aims to boost agricultural output, supporting the country's fertilizer import requirements.

Indonesia is eyeing expanded potash trade with Uralkali, after Eurasian Economic Union trade representative Andrey Slepnev met Indonesian economy minister Airlangga Hartarto on the sidelines of the St Petersburg International Economic Forum on 20 June. Indonesia took 35pc of its total MOP imports, or 1.2mn t, from Russia last year. Indonesia is the largest importer of potash in southeast Asia, so any agreement with Uralkali would have a significant impact on regional import demand.

Palm oil prices remain high but have been falling over the past four months. Palm oil futures are pricing in a modest rebound in the fourth quarter and generating some stability. This implies that higher potash prices could erode affordability. But given how expensive other nutrients are and Jakarta's commitment to boosting agricultural output, we do not expect this to have a significant impact on potash demand.

### Malaysia

Activity in Malaysia was muted by the Eid holiday in early June. There have been periods when the spread of domestic standard MOP prices has been wider than usual because some importers are sitting on older inventories, purchased at lower prices compared with those with newer stocks. Looking ahead, sustained global tightness and the risk of more volatile freight rates emerging from tensions in the Middle East will support firmer MOP prices heading into the second half of this year. But continued firm crude palm oil prices will support demand and preserve affordability.

### Thailand

Thailand's potash demand is being supported by strong rainfall during its main application season. The availability of rainfall, rather than crop prices, is typically a more crucial factor in determining domestic fertilizer sales. This increased

appetite has been reflected in higher Thai MOP imports this year, which were 40pc higher than a year earlier in January-April at just under 340,000t. The most notable proportional increase in supply was from Jordan, receipts from which more than tripled from a year earlier to over 60,000t in January-April. Imports peaked in May ahead of the main application season, and will remain lower in the months ahead.

Granular MOP offers for June-July loading are at \$390/t cfr in the final week of June, while domestic prices for granular MOP were steady at around 12,500 baht/t (\$383/t) bulk ex-warehouse. Tighter global supply, geopolitical tensions and elevated freight rates will contribute to prices firming in the near term, despite strong arrivals so far this year, although the urgency for securing imports has eased since the end of the first quarter.

### Vietnam

Vietnam's first-quarter MOP imports totalled only 177,000t, but inventories in the domestic market are now at healthy levels, bolstered by several recent vessel arrivals, with just under 100,000t arriving in April alone.

Vietnamese importers have rushed to secure shipments alongside domestic sales before 1 July, when fertilizers will become subject to 5pc value-added tax, boosting demand over the past two months. Looking ahead, suppliers will be pushing for firming offers for standard and granular MOP loading in the third quarter, but this will be resisted by buyers, particularly while stocks remain high, and we expect the rate of price gains will be tempered.

### Australia

Granular MOP prices in Australia have risen incrementally over the past month, climbing to an average of \$415/t cfr in June from \$408/t cfr in May. This largely reflects rising MOP prices globally and the trend of higher delivered prices east of Suez, driven by tight availability and robust demand from major importing markets.

Winter crop planting has remained historically high, despite dry conditions in some regions, with favourable starts in parts of Queensland, New South Wales and Western Australia. We estimate that Australia's potash imports totalled 223,000t in January-April, but arrivals have dropped off notably as the planting season has wrapped up.

Maintenance to bulk jetties at two Western Australian ports in April-June could have curtailed imports slightly earlier than usual, as firms avoided incurring demurrage costs. But

any impact is likely to have been offset by healthy shipments in the first quarter, and is not expected to have materially affected potash markets.

On the distribution side, UAE-based chemicals and fertilizer supplier Fertiglobe has announced plans to buy the distribution assets of Chinese-owned Wengfu Australia for around \$83mn. Wengfu Australia distributes 700,000-800,000 t/yr of fertilizer to over 200 customers through five ports and eight warehouses along the east coast of Australia. It currently imports to the ports of Geelong, Brisbane, Adelaide, Newcastle and Portland.

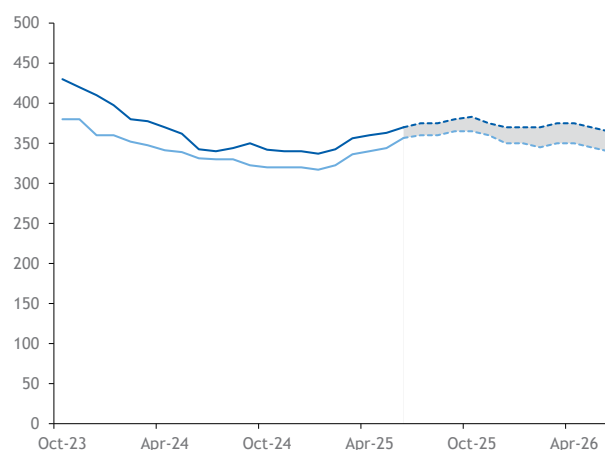
### Northwest Europe

Western Europe's potash market is well into the off-season now, particularly for granular MOP. But prices are rising in line with the firmer international trend, and there is some residual demand in eastern Europe, where there is a more prominent autumn application season.

The big question facing buyers in Europe is whether to sit on the sidelines in the hope of securing lower prices closer to the end of this year, or to step back into the market early to start procuring products for spring next year as a hedge against prices rising throughout the third quarter. Their decision may be influenced by K+S' scheduled summer maintenance, which could tighten MOP supply in the near term.

We expect prices to continue to be supported by firm market sentiment in other benchmarks, while some near-term strengthening will result from buying taking place ahead of the summer, when activity typically slows down, in order to enter the next wave of demand better prepared. But the extent of this will be limited by weaker overall buying from within the region.

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

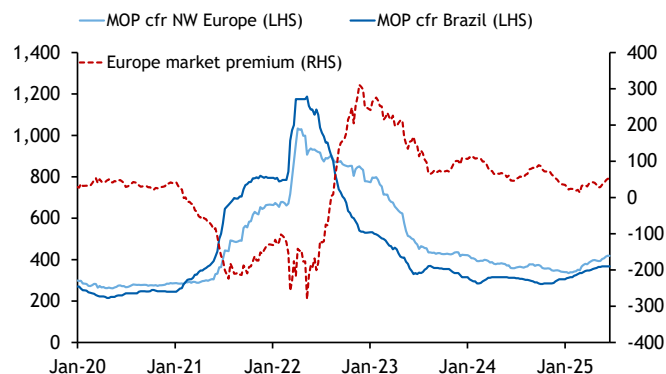


Demand for standard MOP, which is mainly of interest to NPK producers, will return earlier. Given that prices are mostly negotiated on a quarterly basis and that firms will need to procure raw materials for NPK production in time for the following spring, demand will be relatively more consistent.

The European Parliament has adopted additional punitive import tariffs proposed by the European Commission for Russian and Belarusian fertilizers, including nitrogen, phosphate and NPKs, but excluding potash. Once effective, additional tariffs would be levied on top of the existing 6.5pc import duty at €40-45/t (\$44-50/t) from 1 July 2025 until 30 June 2026. Tariffs would rise to €60-70/t from 1 July 2026, to €80-95/t from 1 July 2027, and to €315-430/t from July 2028 onwards. The EU's decision to implement additional tariffs could lead to increased demand for European NPKs if the

### Europe-Brazil price spread

\$/t



volume of Russian NPKs moving to Europe declines, adding price support.

## Regional supply

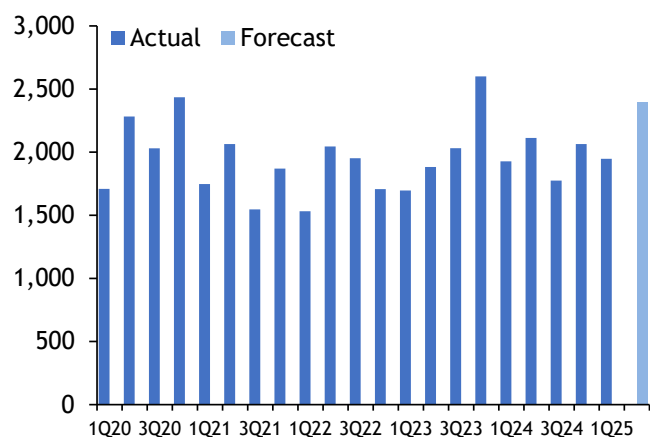
### Canada

Canadian MOP production fell by 1pc on the year to 8mn t in the first four months of 2025, according to Statistics Canada. But the volume of MOP shipped in the same period increased by 1pc on the year to 8.12mn t. This suggests that Canadian producers are not ramping up output from their mines to compensate for reduced production in Belarus and Russia, and are instead prioritising improving sales margins resulting from rising global prices.

Vancouver potash exports increased by 20pc on the year in the first four months of 2025 to 3.3mn t, as more product was shipped outside North America. The leading destination for exports from Vancouver was Brazil, with 1.2mn t. This was followed by Indonesia, which took 730,000t, and Malaysia with receipts of 280,000t. Exports to India and China were

### Mosaic quarterly sales volume

'000t

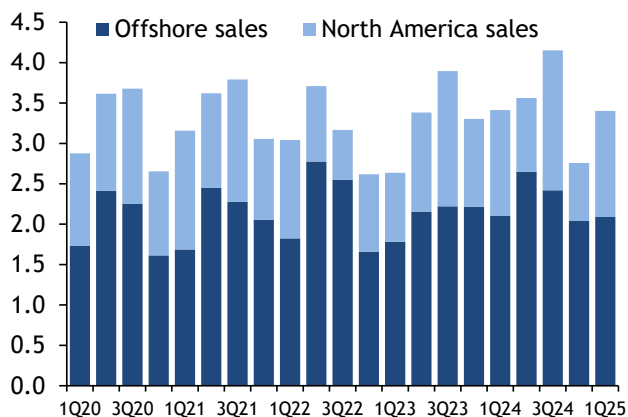


both down by around 70pc from a year earlier, but exports are likely to pick up now that both countries having signed MOP contracts for the year.

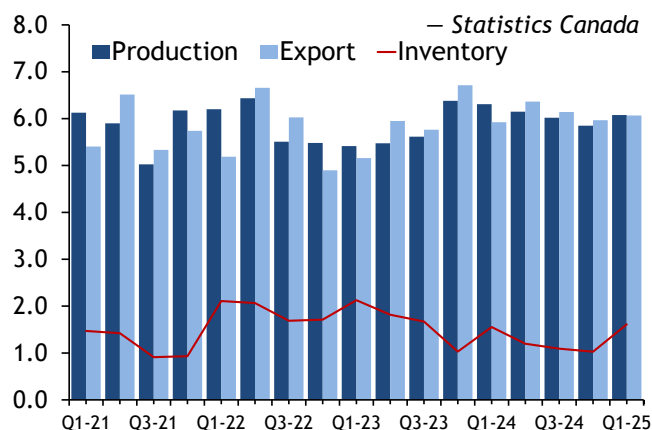
Nutrien's first-quarter MOP production fell by 8pc on the year to 3.3mn t. The company's first-quarter potash sales of 3.4mn t were marginally lower than the record volumes sold in the same period last year. Continued high sales volumes were supported by inventories and robust potash affordability in North America and key offshore export markets. The destination breakdown of Nutrien's January-March MOP sales remained fairly stable on the year, with North America accounting for 39pc of deliveries, up slightly from 38pc in the first quarter of 2024.

### Nutrien MOP sales

mn t



### Canadian MOP production, exports and inventories mn t



US firm Mosaic's first-quarter MOP output fell by 4pc on the year to 2.3mn t because of weather-related technical problems. But Mosaic's MOP sales rose marginally on the year to 1.95mn t, despite its lower production. The firm expects strong demand for MOP in 2025 and has revised up its 2025 output guidance to 9.0mn-9.4mn t. The Esterhazy hydrofloat project in Saskatchewan, which has a production capacity of 400,000 t/yr, is still on track to be completed by the third quarter, which will help Mosaic reach its elevated output guidance.

K+S Potash Canada in March announced a partnership with engineering management company Bantrel for the ramp-up programme at its Bethune mine. This will involve managing all phases of the project, as the mine's production capacity increases to 4mn t/yr over the next couple of decades. Work continues at the Bethune site, including the construction of a combined heat and power plant and further development of the caverns at the site.

### US

US firm Intrepid's first-quarter potash sales increased sharply from a year earlier, rising by 39pc to 103,000st from 74,000st. Intrepid attributed this increase to higher production in the second half of 2024, resulting in more potash being available to sell in the first quarter 2025. Higher output in July-September last year was the result of a new primary pond in Wendover and the commissioning of a new brine injection pipeline at the HB solution mine. Intrepid has carried this increase in production over to the first quarter of 2025, with the company reporting a 7pc rise in output compared with a year earlier to 93,000st.

Intrepid is eyeing further expansion. It plans to obtain a permit that would allow the drilling of a sample well at the

AMAX cavern in the HB system to assess its brine chemistry. The well would be designed so that it could serve as an extraction well in the future. Intrepid expect the result of the permitting process to be announced in the second quarter of 2025. If successful, the well could be built and commissioned by July.

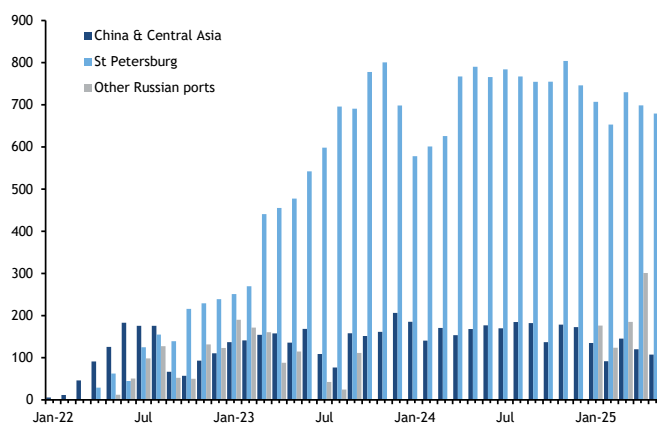
### Belarus

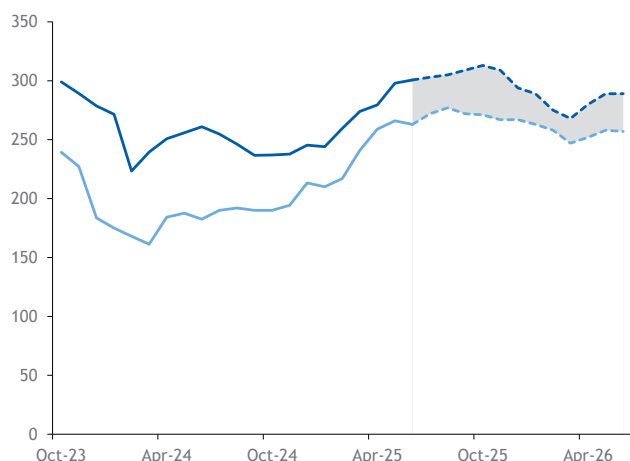
Belaruskali shipped 5.1mn t of MOP by rail in the first five months of 2025, up by 22pc from the same period last year. This growth came despite maintenance at its fourth Soligorsk mining unit, which is forecast to reduce exports of white standard MOP by 1mn t between January and June. The reduction in Belaruskali's white standard MOP production can be gauged by rail shipments to China, one of its largest markets for the product, which fell by almost 200,000t, or 27pc, from a year earlier in January-May to 540,000t. To compensate for diminished white standard MOP production capacity, Belaruskali has ramped up production of pink MOP at its other facilities to capitalise on strong global demand so far this year. Belarusian exports — excluding to China — increased by a third on the year to a record high of 4.6mn t in January-May. It remains to be seen whether production will be scaled back at the other facilities when Soligorsk 4 returns to normal operations in July, because continued high operating rates could put downward pressure on prices, which remain firm at the end of June.

Mining of ore has reportedly started at the Nezhtinsky mine in the Lyuban district of Belarus. The mine, which has a capacity of 2mn t/yr, has been subject to multiple delays since construction began in 2017, but now seems to be progressing towards completion. The project consists of two 1mn t/yr trains at its processing plant, and one of the processing trains is almost 90pc complete, according to local media reports. The mine will produce white standard MOP, which is

### Belarus exports on Russian Railways

'000t



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

likely to result in an increase in rail shipments to China. The facility plans to begin production in 2026 before gradually ramping up to full capacity. Nezhinsky remains outside our capacity forecast, pending further confirmation of its status.

**Russia**

Eurochem will reduce its potash output by around 100,000t in the second quarter because of works at its Usolskiy and Volgakaliy mines in Russia. The firm will upgrade some of the infrastructure at the larger Usolskiy mine, as well as recondition its underground equipment. At the Volgakaliy mine, Eurochem will carry out routine works to overhaul the site's mine shaft equipment and upgrade its conveyor system. The firm will prioritise supplying potash to its own distributors in Latin America and Asia while supply is reduced.

Eurochem continues to increase the volume of MOP it ships on Russian railways, according to the latest data. Total rail volumes in the first five months of 2025 increased by a third on the year to a record high of 1.7mn t, up from 1.3mn t in

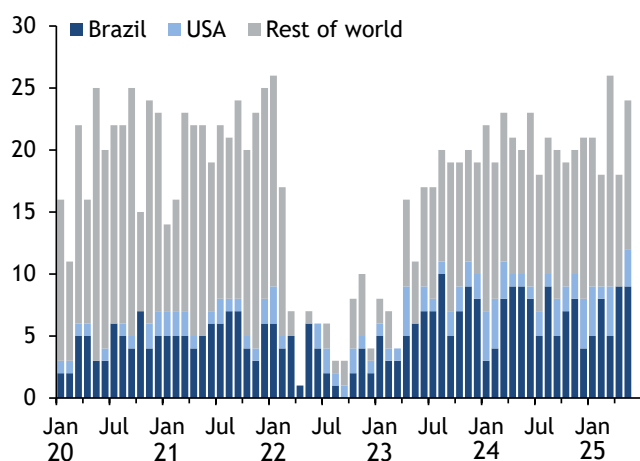
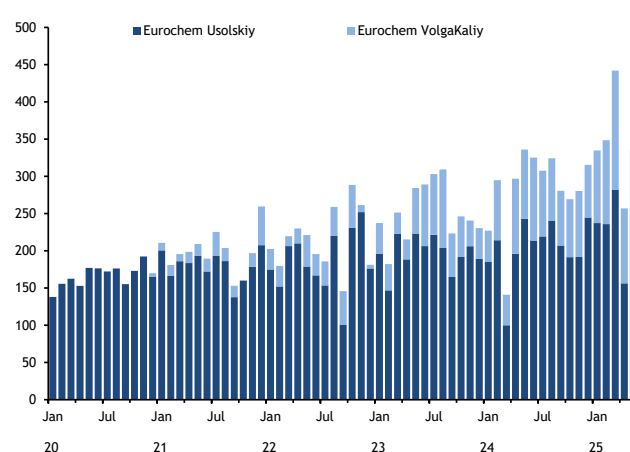
**\$/t**

2024. This increase is likely to persist throughout 2025 as production capacity ramps up at Usolskiy and Volgakaliy. Eurochem shipped 83,000t of MOP by rail to China from Usolskiy in December-March, but shipped no product in April-May because of the reduction in output during maintenance.

Eurochem produced 3.7mn t of potash in 2024, up by 17pc from 2023. This was the result of higher production from its Usolskiy and Volgakaliy mines. Usolskiy finished its phase 1 ramp-up and should now be able to produce 2.9mn t/yr. The phase 2 expansion is under way, and construction of shaft number 3 is in progress. Usolskiy will have a capacity of 4.7mn t/yr when phase 2 is finished. The ramp-up of Volgakaliy is still under way, and Eurochem is targeting an increase in production to 1.3mn t in 2025 from 1.1mn t in 2024.

Uralkali's MOP sales to the domestic and export markets increased by 2pc on the year in January-May, to 4.5mn t from 4.4mn t. This slight increase comes even though Uralkali has said it would reduce production by at least 300,000t in the second quarter of this year because of maintenance at three of its mines. The slight increase in exports to 4.25mn t is attributable to rail deliveries to China more than doubling on the year to 778,000t from 348,000t, which offset a 9pc year-on-year fall in exports to other markets to 3.47mn t. The dramatic increase in exports to China is likely to be the result of reduced availability of Belarusian white standard MOP for export owing to production curtailments at the Soligorsk 4 facility.

Uralkali produced a record-high 12.9mn t of potash in 2024, up by almost a third from 2023. Output is likely to rise further in 2025 as the firm finishes commissioning its Ust-Yayvinsky mine. Ust-Yayvinsky has a listed capacity of 2.5mn t/yr and we forecast that it will come on line this year before ramping up to full capacity in 2028. Uralkali expects global potash

**St Petersburg MOP exports****number of vessels****Eurochem monthly potash shipments by origin****'000t**

demand to stay roughly flat in 2025 at 72mn-74mn t and expects global supply growth to continue in 2025.

The European Commission in May approved the implementation of proposed punitive import tariffs on nitrogen, phosphate and NPK fertilizers from Russia and Belarus, but not potash, starting in July and increasing each year.

### Germany

Domestic firm K+S reported first-quarter sales volumes of 1.97mn t in the agricultural customer segment, stable compared with a year earlier. MOP sales in the first quarter were up by 12pc on the year to almost 1.2mn t, offset by speciality fertilizer sales falling by 14pc year on year to 810,000t.

K+S increased sales in Europe, the company's key market, by 1pc on the year to 1.04mn t in January-March. This came at the expense of overseas sales, which fell by 1pc year on year to 970,000t. But K+S' overseas sales are likely to increase over 2025 as a whole to take advantage of rising MOP prices in the key overseas markets of Brazil and southeast Asia.

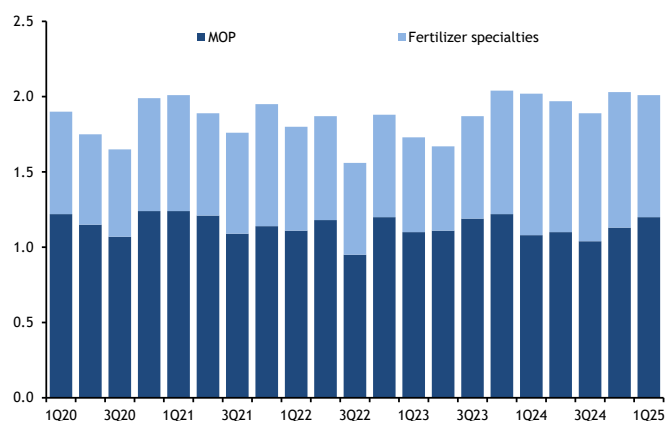
K+S said exports in the agricultural customer sector have not been affected by US tariffs, and maintained its guidance for full-year sales of 7.5mn-7.7mn t, in line with 7.56mn t in 2024. But the firm expects global potash demand to grow in 2025, so full-year sales could reach the higher end of its forecast.

### Israel/Spain/UK

Israeli firm ICL's MOP production dropped by 6pc year on year in the first quarter, because of operational challenges at its Dead Sea plant caused by conflict in the Middle East as well continuing efficiency improvements at its facility in Spain. But ICL's first-quarter sales rose by almost 2pc on the year to 1.1mn t, driven by higher shipments to Brazil and China offsetting reduced sales to the US, most likely caused by initial

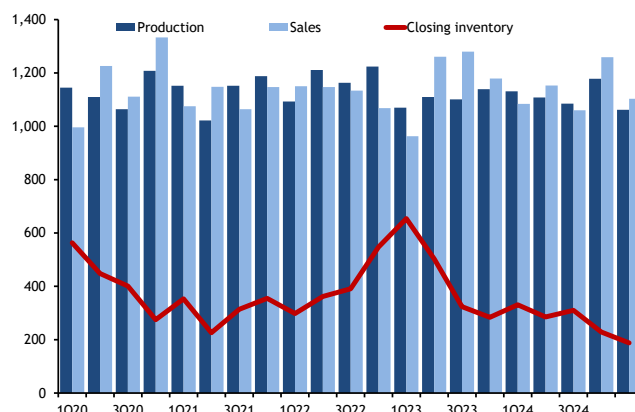
### K+S ag. sales volume

mn t



### ICL quarterly production and sales

'000t



uncertainty surrounding the implementation of President Donald Trump's import tariffs on potash earlier in the year, which has subsequently been clarified. Reduced output and higher sales resulted in ICL's inventories at the end of the first quarter dropping to 188,000t, their lowest since at least 2018.

ICL has maintained its sales guidance for 2025 at 4.5mn-4.7mn t, despite the potential for disruption to production and shipments from the escalating conflict between Israel and Iran. As of the third week of June, ICL's production and shipping operations have not been affected by the heightened tensions in the region. There are increasing concerns over vessel safety as well as broader supply chain implications resulting from rising freight rates and higher insurance costs.

### Jordan

Jordanian potash producer APC reported a 6pc year-on-year increase in first-quarter potash sales, to 708,000t from 668,000t, despite rising geopolitical tensions in the Middle East. APC exports remained resilient to regional conflict, with shipments from the port of Aqaba through the first quarter increasing by 2pc from a year earlier to around 700,000t. But APC's production decreased marginally, by 1pc year on year to 740,000t in the first quarter, although the firm did not provide a reason for the decline. We forecast that APC's output will remain stable with last year at around 2.8mn t.

APC and Indian fertilizer importer IPL in June signed a new Indian contract for standard MOP at the headline price of \$349/t cfr with 180 days' credit. The contract covers deliveries until the end of 2025. The exact volume agreed has not been disclosed but it will be in line with APC and IPL's long-term potash agreement, which covers 2022-26. Under that agreement, APC will supply IPL with 275,000-325,000 t/yr over the five-year period.

## Chile

Chilean firm SQM's potassium sales fell by 38pc on the year to 100,800t in the first quarter, owing to the company focusing on high-lithium content brines at its Salar de Atacama facility, reducing potassium production on site by almost 50pc. 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 (SPN) business line focused on strengthening value-added products, further limiting the availability of MOP for sale to third parties. Sales volumes in SQM's SPN segment increased in the first quarter, but NOP and sodium potassium nitrate sales were down by 1pc on the year to 118,000t. 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.

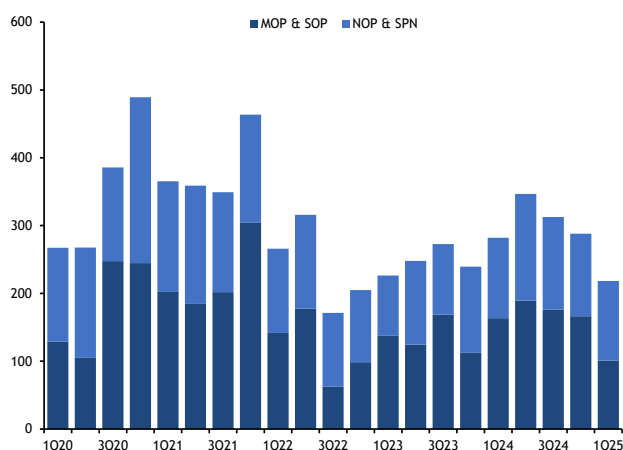
## Laos

Laos' potash exports in the first quarter rose by 6pc from a year earlier, producers continued to ramp up output. China remains the main export destination, with 68pc of Laos' exports heading to China in January-March, down slightly from 70pc a year earlier. This minor reduction was driven by a 9pc increase in MOP exports to neighbouring southeast Asian countries to 196,000t. Exports to China across the same period grew by only 4pc to 484,000t, despite the increase in Chinese MOP prices in January-March.

Asia Potash reported year-on-year increases in production and sales for 2024. Output rose by 10pc on the year to 1.82mn t and sales volumes reached 1.74mn t, up by 8pc compared with 2023. Production and sales are likely to increase further in 2025-26 as the third stage of development at the Dong Tai deposit starts to ramp up its capacity. Asia Potash has completed waterproofing work at its second 1mn

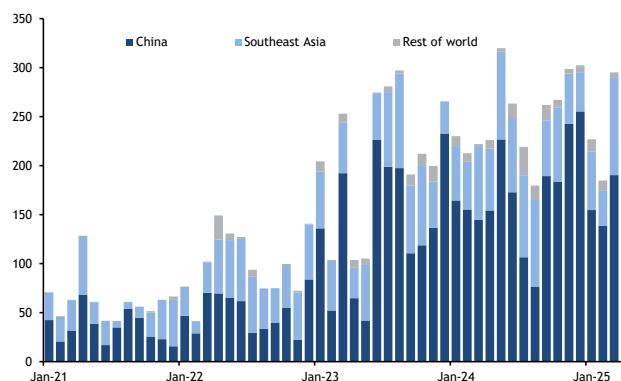
## SQM quarterly potash sales

'000t



## Laos MOP exports by destination

'000t



t/yr mining unit at Dong Tai to resolve water ingress problems, which means cleaning and restoration can begin.

The company has shipped its first MOP volumes from the newly built wharf No.3 at Vung Ang port in Ha Tinh, Vietnam, a dedicated terminal for MOP loading. And the Laos government has finalised tax incentives for Asia Potash's MOP exports, reducing the company's fob costs in the future. With greater access to export terminals, a more benign regulatory environment and increased production capacity, we forecast Laos MOP exports to reach 3.5mn t this year.

Zangge Laos has delayed the start of construction at its 2mn t/yr project in Vientiane, Laos, to the second half of 2025 because of structural changes at the company. The project remains outside of our capacity forecast.

## China

China's two largest MOP producers, Zangge and QHSL, sold less MOP in 2024 than a year earlier. QHSL's sales fell by 17pc on the year to 4.67mn t and Zangge's sales dropped by 19pc to 1.04mn t. Lower sales were not driven by a commensurate decline in production, which suffered minimal impact from mining restrictions and environmental audits. QHSL's output increased by 0.7pc on the year to 4.96mn t, while Zangge's was slightly lower, dropping by 2pc on the year to 1.07mn t.

QHSL and Minmetals Salt Lake have merged to form a new company — China Salt Lake. The capacity of the new company will be 6.1mn t/yr, representing 61pc of China's installed potash production capacity. QHSL also plans to acquire prospective potash producer Highfield Resources. The \$300mn cash acquisition would give QHSL controlling interest in the Muga project in Spain and Yancoal's Southey project in Saskatchewan, Canada, which will have a combined potential MOP capacity of 3.8mn t/yr when fully developed.

| 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                                   |
| Mosaic                  | Esterhazy, Canada   | 2025 | 0.40               | Expansion of milling capacity at operational site. Construction under way                          |
| Uralkali                | Solikamsk 2, Russia | 2026 | 1.04               | Brownfield replacement. Construction under way                                                     |
| BHP                     | Jansen, Canada      | 2026 | 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                |

| New SOP capacity (firm and probable) |                      |      |                      |                                                                                                                             |
|--------------------------------------|----------------------|------|----------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Company                              | Site                 | Date | Capacity ± '000 t/yr | Status                                                                                                                      |
| Gansu Xinlianxin                     | Jinchang, China      | 2025 | 40                   | New greenfield plant. Commissioning in 2Q25.                                                                                |
| 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 begun ahead of commercial start |

| 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     | 1.00                           | 1.00                           | 1.00                           | 1.00                           |
| 2021                     | Belaruskali (Petrikov) | Petrikov, Belarus    | 1.50                           | 0.99                           | 1.07                           | 1.16                           |
| 2022                     | Mosaic (Esterhazy K3)  | Saskatchewan, Canada | 8.20                           | 4.40                           | 4.70                           | 5.10                           |
| 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                                                                                                                                                           |
| Belarus                                                        | Belaruskali | Potential reduction of exports by 1mn t over January to June               | 1H 2025            | Hoist replacement work at its 4th mining unit in Soli-gorsk, to be completed by July                                                                             |
| 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 |
| Russia                                                         | Eurochem    | Volgakaliy underground mine construction progress slower than expectations | Ongoing since 2020 | Underground development slowed by geology                                                                                                                        |
| Russia                                                         | Uralkali    | Expected reduced export availability of approximately 300,000t in 2Q-3Q.   | 2Q-3Q 2025         | Uralkali performing maintenance at three of its mines                                                                                                            |
| Russia                                                         | Eurochem    | Reduction in output of 100,000t in 2Q 2025.                                | 2Q 2025            | Eurochem performing work at its Usolskiy and Volgakaliy mines                                                                                                    |

## Agricultural analysis

### Crop fundamentals

#### Corn

Global corn production is projected to rise by over 3.5pc in the 2025-26 season, driven by strong expected harvests in the US, Brazil, Argentina, and Ukraine, according to the US Department of Agriculture (USDA). Brazil's 2025-26 corn output is estimated at 131mn t, up by 1mn t from the revised 2024-25 forecast. Brazil's safrinha crop, accounting for 75pc of the country's production and planted early in the year, relies on favourable April-May weather in the centre-west. A delayed 2024 rainy season initially threatened the 2024-25 crop, but timely April rains improved vegetative health, boosting yield forecasts to 5.83 t/hectare and production to 130mn t. The USDA's analysis highlights the crop's recovery, with conditions now exceeding average, supporting optimistic projections for 2024-25 and the upcoming marketing year.

#### Soybeans

Global soybean supply in the 2025-26 season is expected to rise from a year earlier, supported by record carryover stocks from the 2024-25 season and increased production in Brazil, Paraguay, Russia, China and Bolivia. But declines in the US, Argentina, Canada, India, Uruguay, and Ukraine will partially offset this growth. Shifting incentives, particularly favouring corn over soybeans, are expected to reduce global soybean planted areas by nearly 1pc to 145.8mn ha. But higher production and carryover stocks will boost total supply. Global soybean trade is projected at 188.4mn t, up by 7.6mn t from 2024-25, driven by increased exports from Brazil, Paraguay, Argentina, and Russia, outweighing reductions from the US and Canada. China's imports are forecast at 112mn t, while Bangladesh, Iran, Egypt and Pakistan are expected to increase imports because of rising crush demand and feed needs.

#### Rice

Global rice production in 2025-26 is projected to reach a record 538.7mn t, on a milled basis, up by 1mn t on the year, driven by higher output in Bangladesh, China and India, offsetting declines in Brazil, Indonesia and Vietnam. Leading producer India expects a record crop despite a 500,000ha reduction in area, as a record yield, supported by normal monsoon forecasts, marks its tenth consecutive record harvest. China's production rises on a yield of 7.19 t/ha, while Bangladesh is expected to achieve record output, as an expanded area of up to 11.8mn ha outweighs a slight yield dip to 4.77 t/ha. Indonesia and Vietnam face declines because of reduced areas and yields, while Thailand's area is forecast to fall to 10.8mn ha on lower prices from the return of Indian exports.

#### Soy/corn ratio



### Prices

#### Corn

Corn futures on the CBOT exchange fell by \$19/t in May to \$177/t. Futures weakened because of favourable US planting progress, improved weather boosting supply forecasts in Brazil, weaker-than-expected export demand, and profit-taking by traders after earlier rallies pressured the market.

#### Soybeans

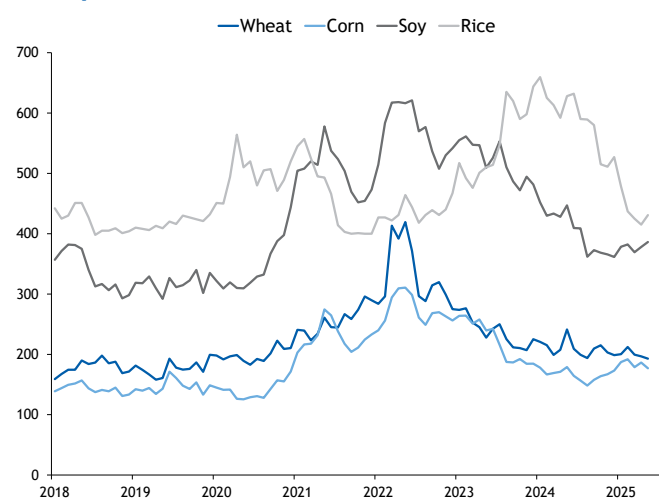
Soybean CBOT futures rose by \$8/t in May to \$386/t, driven by strong Chinese import demand, US planting delays raising supply concerns, declining Argentinian harvest estimates, and tighter global stocks. Funds covering short positions further fuelled the rally in May.

#### Rice

Thai 5pc broken milled white rice prices rose by \$16/t in May to \$431/t. Tightening supplies from delayed harvests pushed

#### Grain prices

\$/t



prices up, further supported by strong demand from key Asian and African buyers. India's extended export restrictions shifting global demand toward Thailand against a background of limited stocks also supported prices in May.

### Palm oil

Palm oil futures have softened over the past few months, falling from elevated levels to \$904/t in May. Malaysia's delay in implementing its B20 biodiesel mandate has dampened domestic demand. The premium of palm oil to soybean oil has also reduced its competitiveness, contributing to lower demand. And global edible oils are trading at high premiums to gasoil, discouraging biodiesel and hydrotreated vegetable oil production, which is expected to fall by 500,000t in 2025. But prices may rebound in the second half of this year as Indonesia ramps up its B40 biodiesel mandate, boosting domestic consumption and tightening supply.

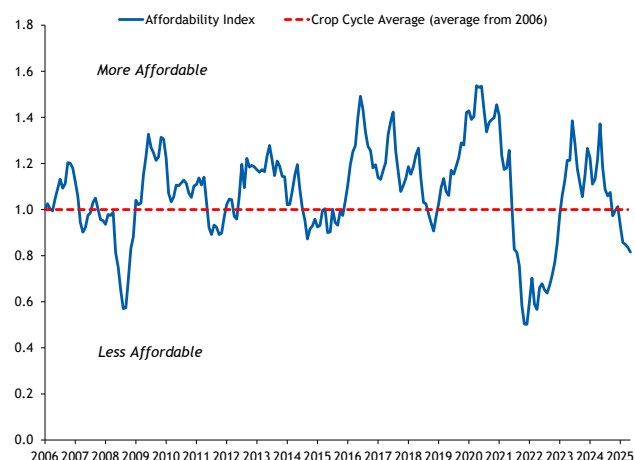
### Affordability

The Argus Affordability Index fell again in May, by 0.02 percentage points to 0.82. Rising soybean and rice prices, as well as a small fall in the urea price, were outweighed by a large rally in DAP and MOP prices coupled with falling corn

and wheat prices, putting pressure on the affordability index in May. Fertilizers are currently deemed unaffordable.

### 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.

## Freight

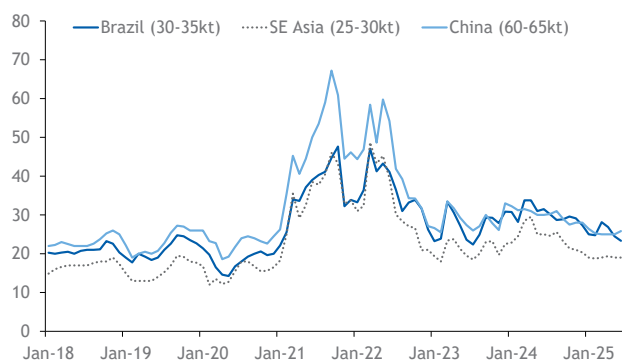
Concerns around the escalating conflict between Israel and Iran, exacerbated by direct US involvement, have been temporarily alleviated by a ceasefire agreement. Prior to this, the escalation in hostilities had resulted in freight rates from the Mideast Gulf rising to one-year highs in the week to 22 June. There were concerns that Iran could respond to US airstrikes on its Fordow nuclear facility by closing the strait of Hormuz, disrupting the flow of approximately a fifth of global oil supply and further putting upward pressure on freight rates. But the ceasefire should alleviate those concerns and temper the

extent of future freight increases, barring the resumption of hostilities between Israel and Iran.

Bulk fertilizer deliveries will be largely untouched by the new fees levied on Chinese ships by the US government. The US Trade Representative rolled out fees of \$50/net t on Chinese ship operators and \$18/net t on Chinese ships calling at US ports. But the fees will not apply to vessels with capacities of less than 55,000dwt or individual bulk capacity of 80,000t, which would encompass the vast majority of dry bulk and liquid vessels that transport fertilizer to the US. This should leave potash freight rates largely unaffected by the change.

### Vancouver origin freight

\$/t



Workers belonging to the International Longshore and Warehouse Union Ship and Dock Foremen Local 514 and the British Columbia Maritime Employers Association ratified a new four-year agreement at the start of this month, ensuring the smooth flow of goods from the port of Vancouver until at least March 2027. The port of Vancouver is the main MOP export hub in Canada.

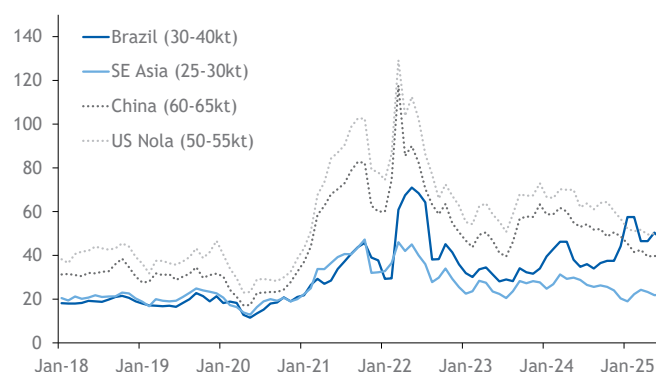
A temporary resolution between rail operator Canadian National and members of the Teamsters Canada Rail Conference

has put fears of short-term disruption to rest. But the newly agreed contract terminates on the 31 December 2026, keeping the possibility of future disruption on Canadian railways open.

Freight rates for product originating from the Baltic region have largely trended lower over the past three months, except for ships going to Brazil, which have marginally increased by \$1/t. Freight rates from Canada have mostly remained flat over the past three months, except for rates for product being shipped to Brazil, which have fallen by 17pc since March to just over \$23/t.

**Baltic origin freight**

**\$/t**



## Economic indicators — global GDP

The US metropolitan unemployment rate climbed to 3.9pc in April from 3.5pc in March, Bureau of Labour Statistics data indicate, as the federal government has been shedding jobs amid an uncertain economic outlook. The US Congressional Budget Office estimates that the tax and budget bill passed by the House of Representatives will add \$3.8 trillion to the federal government's existing \$36.2 trillion debt over the next decade. The bill is yet to pass through the Senate. Ratings agency Moody's has downgraded the US credit rating to Aa1 because of high federal debt.

On the trade front, following a temporary truce in the US-China trade dispute, tariffs were revised down to 30pc from 145pc on US imports of Chinese products and to 10-15pc from 125pc on Chinese imports of US products. Consultancy Oxford Economics revised its GDP growth estimates upwards following the truce, to 1.5pc for the US and 4.6pc for China for this year. The US economy contracted at an annual rate of 0.2pc in the first quarter of 2025, revised slightly upward because of stronger investment. But this was outweighed by weaker consumer spending, particularly in services and housing, as the US faced higher prices and trade war uncertainty. President Donald Trump proposed 50pc tariffs on EU exports to the US from 1 June, which were later put back to 9 July following discussions with the European Commission.

The US Consumer Price Index for All Urban Consumers fell to 2.3pc in the 12 months ending 30 April from 2.4pc in March, because of weaker gasoline and fuel oil prices. The US Federal Open Market Committee kept the federal funds rate steady at 4.25-4.5pc, citing inflation and unemployment risks. The committee signalled it is ready to adjust policy to meet its 2pc inflation target and maximum employment goals. Easing price pressures, driven by falling fuel costs and tariff

uncertainty, have resulted in declining inflation, which might influence interest rate cuts across all major economies in the coming months. The US dollar index fell to 123.1 in mid-May from 123.9 in mid-April, as softer than expected inflation data fuelled expectations of a federal rate cut later this year.

The People's Bank of China has cut the reserve requirement ratio by 0.5 percentage points and expanded trade-in subsidies. The government announced a Yn1.3 trillion bond package to boost liquidity and consumer spending, and to stabilise growth amid trade and property market pressures. The consumer price index in China remained negative for the second month in April at -0.1pc, because of lower international crude prices, a 4.8pc drop in energy costs and reduced transport expenses. China's urban unemployment rose slightly to 5.2pc in April from 5.1pc in March, staying below the 5.5pc annual target, reflecting job market stability despite global economic uncertainty.

India has overtaken Japan to become the world's fourth-largest economy, Indian government planning agency Niti Aayog's chief executive, BVR Subrahmanyam, says. India's year-on-year consumer price index inflation eased to 3.2pc in April, down by 18 basis points from March, driven by a sharp decline in food inflation. The Indian rupee appreciated by 1.1pc against the US dollar, despite India's trade deficit widening to \$8.65bn in April from \$3.65bn in March because of a sharp rise in merchandise imports. The Reserve Bank of India has approved a record ₹2.69 lakh crore (\$3.1bn) dividend for the 2025 financial year, helping the government cut its fiscal deficit to 4.4pc.

The eurozone consumer and inflation expectation survey by the European Central Bank suggests that the median rate of perceived inflation over the previous 12 months remained

unchanged for the third consecutive month in April at 3.1pc. Economic growth expectations for the next 12 months have become more negative, falling to -1.9pc in April from -1.2pc in March. Expectations for the unemployment rate 12 months ahead have increased to 10.5pc, from 10.4pc in March. The euro strengthened in April as the EU's current account surplus rose to €438bn (\$509bn) in the 12 months to 31 March, from €312bn a year earlier.

Brazil's inflation rate increased to 5.53pc in April from 5.48pc in March, driven by higher food prices. The Brazilian central bank's monetary policy committee raised the benchmark Selic interest rate to 14.8pc to counter rising inflation. Brazil's trade surplus stood at \$8.15bn in April, driven by strong corn, coffee and gold exports, although it was slightly below expectations. The country's imports rose, driven by surging fertilizer purchases.

## Currency indicators

### Brazilian real

The Brazilian real has strengthened against the US dollar in 2025, reaching R5.60:\$1 in June compared with R5.80:\$1 in March. Brazil's central bank has continued to increase its Selic interest rate, to just under 15pc in June. The rate increases have been implemented to combat rising inflation, which has been above the central bank's upper-end target of 4.5pc throughout 2025. The annual inflation rate did fall in May, to 5.32pc, suggesting that higher interest rates may be starting to have an effect. The readiness with which the central bank is willing to intervene to limit inflation rises will continue to support the strengthening of the real against US dollar.

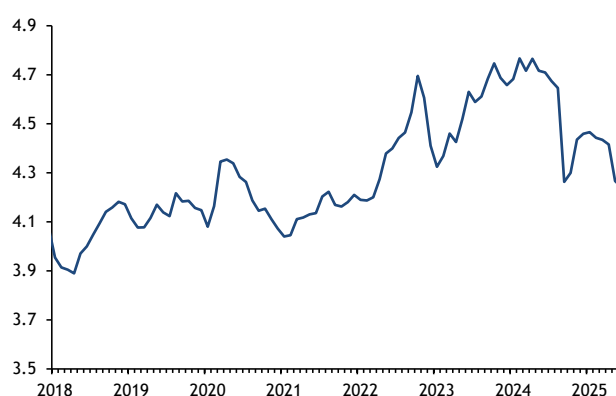
### Real:\$ exchange rate



### Malaysian ringgit

The Malaysian ringgit has strengthened against the US dollar, reaching 4.25 ringgit:\$1 in June compared with 4.40:\$1 in the first two months of 2025. This represents its strongest position against the US dollar since March 2022. Malaysia's annual inflation rate remained at 1.4pc in April, its lowest since February 2021. In addition, the central bank has been holding its interest rate steady at 3pc since May 2023, adding further stability to the Malaysian economy. GDP growth fell slightly to 4.4pc in the first quarter of 2025, but the outlook for the Malaysian economy is positive, supporting further strengthening of the ringgit against the dollar.

### Ringgit:\$ exchange rate



### Russian rouble

The rouble has continued to strengthen against the US dollar in 2025, standing at Rbs79:\$1 as of June compared with Rbs87:\$1 in March. This is its strongest position against the dollar since March 2023. Russia's annual inflation rate has begun to fall from a peak of 10.3pc in March. The tight monetary policy enacted by the Russian central bank has helped put pressure on the inflation rate. With domestic inflation easing, the central bank lowered its interest rate to 20pc in June, the first cut in almost three years. Weakness in the dollar resulting from uncertainty surrounding US trade policy has also been key to the relative strengthening of the rouble.

### Rouble:\$ exchange rate



## SOP Outlook

### China

Average operating rates across China's Mannheim producers rose marginally to 62.8pc on 12 June from 62.1pc on 5 June. This reflects a notable decline in operating rates compared with earlier in the year, when utilisation above 70pc. But with the domestic market seasonally quiet, lower operating rates are having a minimal effect on prices. Potash use during the summer application season is limited, which will dampen demand in the third quarter. But prices may adjust now that costs are clearer following the settlement of the new China contract price for standard MOP. Luobupo started its scheduled summer maintenance in June, which is likely to last at least two months.

Taiwanese SOP exports in January-April fell by 6pc on the year to 67,100t, reflecting lower shipments to Pakistan, which outweighed an increase in exports to India and Vietnam.

### Other Asia-Pacific

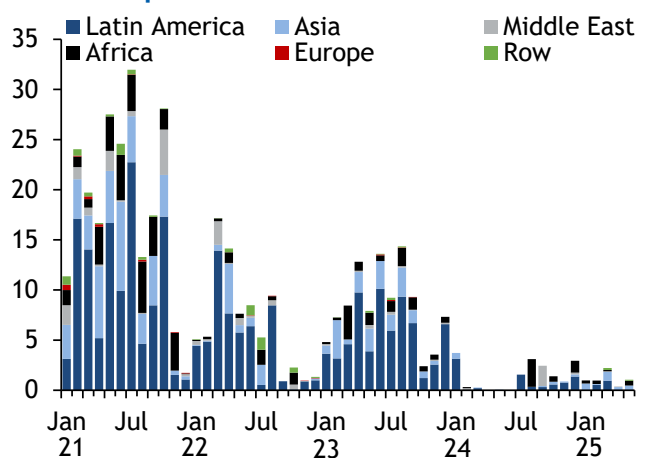
In Pakistan, there is still some local demand that producers are able to supply, which will prevent SOP production being directed for exports in the immediate term. Rising import prices are discouraging buying from the international market, incentivising buyers to meet a higher portion of their demand from domestic producers. This is reflected in SOP imports to Pakistan in January-May falling by 28pc from a year earlier to 27,400t.

Strong demand for SOP is emerging from Vietnam, which will make it an attractive outlet in the near-term, but interest is low elsewhere in the region.

### Europe

Standard SOP prices ticked up at the low end of the range to €595-610/t (\$692-709/t) fob northwest Europe in the

### China SOP exports



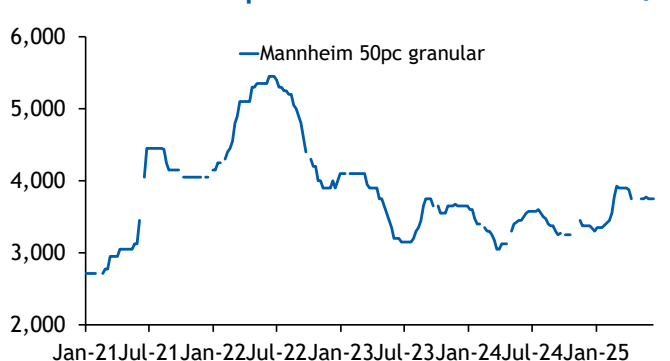
third week of June. Granular SOP prices are at €600-660/t fob northwest Europe, while water-soluble SOP levels are at €675-700/t fob bagged.

Granular SOP fob prices in northwest Europe have strengthened over the past month on healthy competition from non-European markets. Regional demand is seasonally low at the moment.

Rising MOP prices are still firming market sentiment, but given elevated sulphur costs and tight SOP supply, we expect there to be increased resilience from Europe when it comes to third-quarter standard SOP, introducing some stability, particularly as it will be the off-season.

Swedish producer Cinis Fertilizer continues to ramp up operations at its Ornskoldsvik plant, having delivered 12,500t in the first quarter. But the company has said it will aim to operate at nameplate capacity of 100,000 t/yr by the end of 2025, reflecting up to a six-month delay from the firm's previous target.

### China domestic SOP price



### US

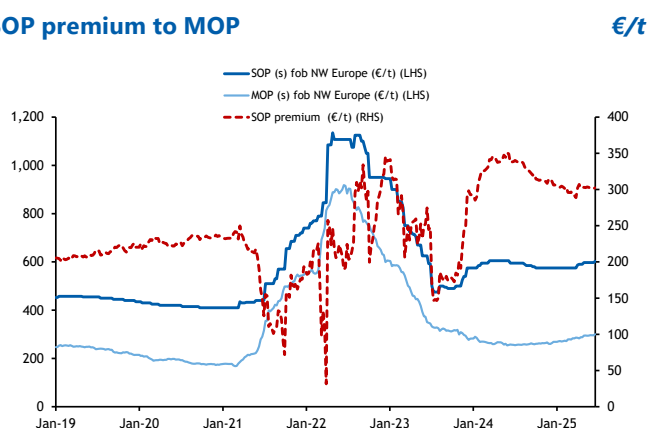
Compass Minerals reported first-quarter SOP sales volumes of 93,000st, an increase of 26pc compared with the same period a year earlier. The company reported higher distribution costs as a result of increased sales in markets further away from its core Californian base. Compass' full-year sales volume guidance remains unchanged at 295,000-315,000st. Sales at this level would be an increase of at least 8pc from 2024 sales volumes. The company's operational focus for 2025 is restoring the Ogden ponds and improving efficiency at the plant.

## Egypt

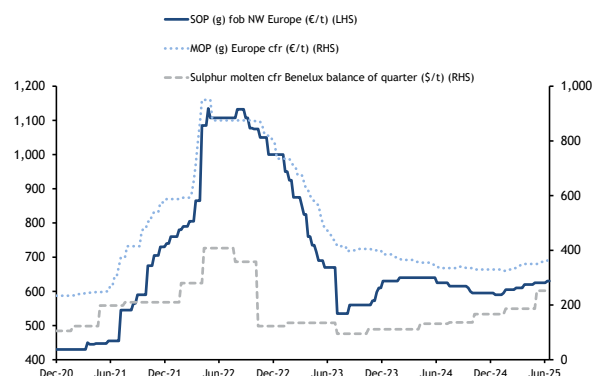
Egyptian firm EFIC will start producing SOP at its proposed 40,000 t/yr plant in Ain Sokhna in the third-quarter. The plant will produce only water-soluble grade SOP and will target domestic and export markets. EFIC will use its own sulphuric acid as a raw material for SOP production but will need to import MOP. The new plant would increase Egypt's SOP production capacity to 432,000 t/yr, the fifth-largest production capacity globally.

A recent drop in natural gas flows to Egypt from Israel in June has not impacted the country's SOP industry and all SOP facilities are understood to be operating as normal.

## SOP premium to MOP

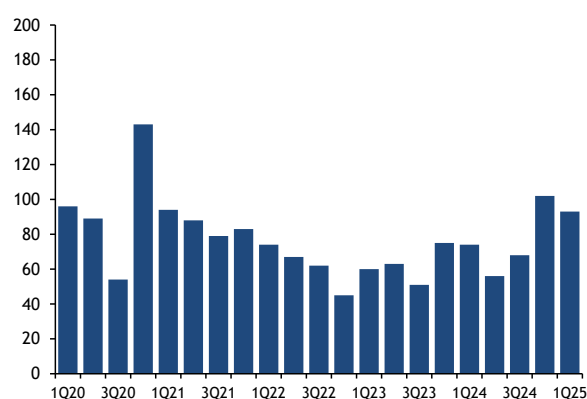


## SOP price series



## Compass quarterly SOP sales

'000st



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**Registered office**  
Laccon House, 84 Theobald's Road,  
London, WC1X 8NL  
Tel: +44 20 7780 4200

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Christopher Flook

**SVP Consulting services**  
Lloyd Thomas

**Principal, Fertilizers**  
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)

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