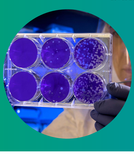
18 Feb 2020

IHS Markit

Coronavirus - Instant Demand Shock

Keep up-to-date with global fertilizer market trends



Phosphates Market

Isaac Zhao
China Fertilizer Analyst

Lockdown in Hubei leads to plant closures

Up to 50% of capacity closed

in Hubei Province, other regions are also threatened.

Hubei Province has

45% MAP

and

27% DAP

of China's MAP and DAP capacity respectively.

Delays

Normal activities in Hubei may not resume until March.

Logistical constraints present serious challenges for both exports and domestic deliveries.

Sulphuric acid Market

Sarah Marlow
Head of Current Information, Phosphates and Sulphur

Negative fob prices

Lack of additional sulphuric acid tank storage leading to

Full tanks

20-25%

of Chinese sulphuric acid consumption is in Hubei Province.

Prices drop

below $0 fob

2 week quarantine risk for vessels docking in China - export opportunities reduced.

Force majeure notices issued

Force majeure notices issued; need to move tonnes but limited number of buyers.

Sulphur Market

Maria Mosquera
Analyst

Supply overload and storage concerns

Demand from phosphate producers and downstream buyers reduced.

3.1 million t

Sulphur inventories at the ports already over 3 million t and increasing.

Molten sulphur tank storage approaching limits.

Molten prices under pressure

Ammonia Market

Charles Costerousse
Analyst

Restrictions tighten for vessels and trucks

Potential congestion for inbound ammonia cargoes into the ports if Zhanjiang and/or Nanjing. Tighter ammonia supply due to

Transport Constraints

Reduction of MAP/DAP

production may impact demand for ammonia.

Urea Market

Karl Stenerson
Analyst

Hubei accounts for less than 3% of China's urea capacity.

If interior logistics constraints continue, producers may lower operating rates to combat accumulating inventories. Transporting tonnes to seaports is difficult but there are existing inventories.

Operating rate

Domestic industrial demand for urea expected to suffer as coronavirus impacts China's 2020 economy growth.

Round Up

Critical impact across the markets

The outbreak of novel coronavirus in China is having a critical impact across the markets, affecting the movement of both fertilizers and raw materials moving in, out and around the country and particularly in Hubei Province, the source of the virus. Large swathes of the industry are currently shut down until the end of February and likely longer, limiting both demand and supply for all relevant products as transport and storage constraints present mounting challenges across the sector.

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