



Monthly Report in January 2013



**Policy Headline**

**SINOPEC: Sichuan Shale Gas Output is Expected to Reach 0.3 Billion Cubic Meter**

CAO Yaofeng, Sinopec VP and General Director in the Project of Deliver Sichuan Gas to East China, reveals new progress has been made in shale gas exploration. The project, located in the southeast Sichuan, will have a output capacity of 1.1 billion cubic meter. The output will reach 0.3 billion cubic meters in the coming year and 1 billion cubic meter in the Twelve-Five period.

**New Access Conditions to Ammonia Industry Released**

The Ministry of Industry and Information released the Access Conditions to Ammonia Industry to optimize the industry structure and promote the industry upgrade. Detailed requirements are designated on the manufacturers layout, equipment size and technology, resource and energy consumption and utilization. New gas or anthracite coal based plants are banned (planned relocated and comprehensive utilized projects excluded); Plants with coal from other provinces are banned to extend their ammonia capability within three years (sulfur coal-based ones excluded); New plants are required to have daily output of 1KT(planned relocated and comprehensive utilized projects excluded).

**2012 Natural Gas Output 106.7 Billion Cubic Meter**

NBS reveals the gas output reached 10.2 cubic meters in December, 5.6% up YOY. The whole year the output reached 106.7 cubic meters, 6.7% up YOY.

**Three big contract finalized, the first half of potash fertilizer import drop \$70**

The potash fertilizer export contract for the first half year in 2013 was reached between Chinese counterpart and foreign suppliers (CANPOTEX, BPC, ICL ). The contract price is lowered USD 70 compared with in 2012. The object included 1MT ammonia chloride with supply period from January to June 2013 and CIF USD400/T.

**Market Focus: 2012 Urea Export: 6.95 MT**

The Customs said the urea export volume amounted 6.95MT, 95.22% up YOY compared with 3.56 MT in 2011. In December the export reached the peak at 1.685 MT, much more than in the low-tax period.

**Market**

**Urea market**

In domestic market, the price returns to be stable after strong increase. In December China has an output of 5.20 MT, 18.91% up YOY. From Jan to Dec, the accelerated output 65.3 MT, 13.92 % up. In December China has an export of 1.65 MT and the accelerated exported 6.95 MT, 95.22% up YOY. At the corner of the Spring Festival, rail transportation is lacked so that the price is raised. It's expected the market will not change remarkably with minor fluctuation during the festival.

**Methanol: Adjust in Poor Performance**

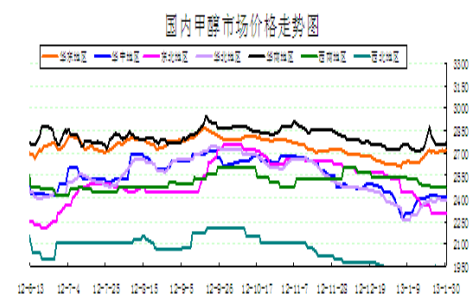
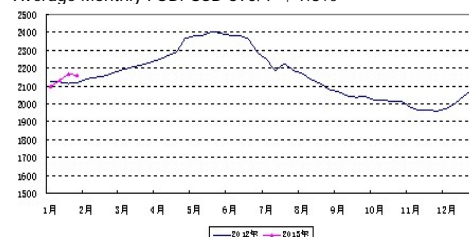
In domestic market, the price is adjusted and port price is raised slightly. RMB 2790-2910/T in the East-China area, RMB 2770-2780/T in the South-China area, RMB 2250-2300/T in Northeast area and RMB 1900-2250 in West east area. In the December, the domestic output reached 26.4 MT, 15.08% up YOY and export reached 5.00 MT, 14/64% lower YOY. Now the market is in stable supply. But for the coming end of the demand, the price is expected to low slightly.

**Ammonia: Adjust at the high level**

The price is adjusted at the high level after the strong increase. Due to the intense gas supply and halted production, the price remains high at 3200-3500. In December Chin has an output of 4.46 MT, 13.58 % up YOY and the acceleration of 54.59 MT, 8.31% up. Price is expected to fluctuated within small scope in short period.

**UREA: Rocketed increase in domestic market and stably strong in international market**

Average Monthly Ex-plant Price: RMB 2143/T ↑ 5.5%  
Average Monthly FOB: USD 390/T ↑ 1.3%



Average Ex-plant Price: USD 3230 ↑ 2.5%

