



Monthly Report in November 2012



**Policy Headline**

**Expanding Gap between Production and Consumption**

The Brief of Natural Gas in October 2012 issued on the NDRC web indicated, the domestic natural gas has 8.8 billion cubic meters of production, 7.7 YOY increase; the import gas has around 3.9 billion cubic meters, 26.4% YOY up; the apparent consumption of 12.4 billion cubic meters, an increase of 12.7%. For the period from January to October, the domestic natural gas has 87.8 billion cubic meters of production, 6.4 YOY increase; the import gas has around 34.4 billion cubic meters, 37.6% YOY up; the apparent consumption of 118.7 billion cubic meters, an increase of 14.1%.

**New Era prevailed in Shale Gas**

The Ministry of Land and Resources(MLR)' Notice clarify the open-market principal and steadfastly put forward the exploration and development of shale gas. As indicated, the development of shale gas is ushered in the new era of open market, different from the monopolized market of oil and natural gas.

**More 20 Billion's Food by End of the Twelve-Five**

The MLR officer indicated, by the end of the twelve-five, 500 high quality demonstration farms have been built with additional production of over 20 billion.

**Market Focus: NDRC plans export tariffs modify**

Policy about fertilizer export tariff is projected to modify in the following year. And the final result will be declared in mid December. Several prospects are present in the market. First, the off-season tariff is cut; second, the off-season is prolonged; third, the policy is slackened dramatically. According to statics, the total 3Q volume reached 57.32 million tons, 13.7 YOY up; the export volume 10.75 million tons, 11.7% YOY drop.

**Market**

**Urea market**

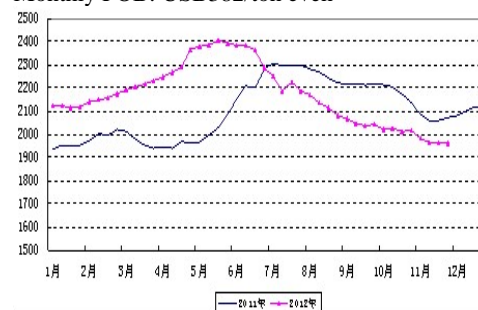
This month witnessed a stable market. With the advancement of winter storage, the market posed a waiting stance with small purchase. The export phrase for urea ended in November and manufacturers have basically accomplished the export order. According to statics, the exported urea in October reached 1.24 million tons, 155.15% YOY up; the accelerated volume from January to October reached 3.84 million tons, 60.24 YOY up. In short term, the market is projected to fluctuate within narrow scope, plagued by the additional capacity, declined operation rate and winter storage.

**Ammonia: Fluctuating in Lower Price**

The month witnessed a stable market benefited from the slight recovery in operation rate and higher lower-stream demand. The fluctuation shift within RMB 50/ton slightly. According to statics, the total ammonia production reached 4.62 million tons, 6.5% YOY up; the accelerated from January to October reached 45.29 million tons, 7.8% YOY up. The price is projected to rebound slightly with the benefits of the increasing gas supplies in southwest region and winter storage.

**Urea: Weak Domestic Market and Stable International Market**

Monthly Ex-Factory Price: RMB1957/ton  
Monthly FOB: USB382/ton even



**Monthly Ex-factory Price: RMB3140/ton  
↓ 0.3%**

