



Monthly Report in February 2013



Policy Headline

Minimum Rice Purchase Price stately hoisted

The state policy on the minimum purchase in the major grain producing areas remains in 2013 and the price is moderately hoisted, in order to protect the farmers' benefits and promote the grain production. Upon approval of the state council, the minimum price for the early indica (the third rated), the mid-and-late indica and the japonica are increased to RMB 132, 135 and 150 per 50 kg, RMB12, 10 and 10 more than 2012.

Russian Gas Supply Price under Negotiation

China and Russia had preliminary determination to supply 38 billion cubic meter annually through the eastern pipeline, which hinges on the mutual development. However, the price has not yet set and further negotiation is necessary.

Gas Price Increases in Many Cities

On February 25, the motion to have the civil natural gas raised by RMB0.8 per cubic meter was denied in the Changchun municipal hearing. At the same time, many cities in Jiangsu, Zhejiang and other provinces are also planning the gas price hearing. The increasing price becomes and inevitable trend. Expert pointed, it prevails the price reform and the Quarter Three is expected as the window phrase.

NDRC : Dependent rate upon Foreign Oil by 56.4%

In 2012, China produced crude oil of 207.48 million tons, 1.9% up; imported crude oil of 271.09 million tons, 7.3% up; exported of 2.44 million tons, 3.5% down YOY; consumed of 476.13 million tons, 4.9% up. The dependent ratio rates 56.4%.

Market Focus: Central First Policy for 2013 released

The CPC central committee and the state council on speeding up the development of modern agriculture and improving the rural development (hereinafter abbreviated the Central First Policy) was issued on January 30. Agriculture, a continuous focus on the first ten years of "agriculture, countryside and farmers", indicating that the party central committee of the state council "agriculture, rural area and farmers" remains highlighted in the 10th year and highly valued by the central committee and the state council.

Market

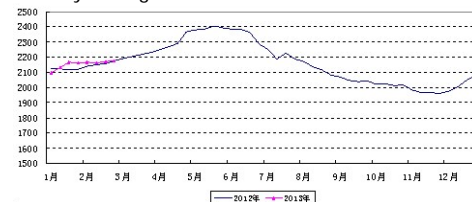
Urea market

During the Spring Festival period, the trade is slight and price remains stable. Now the gas-fueled producers begin to operate and operation rate improves the market supply, which plays a strong impact upon the price. According to the State Custom's statics, China exported urea of 0.308 million ton in January, 163.63% up YOY. In all, the main stream urea price intends to be stable and increasing with more agricultural demands.

Urea: Stable and Slightly Increase in domestic market and strong trend in int'l market

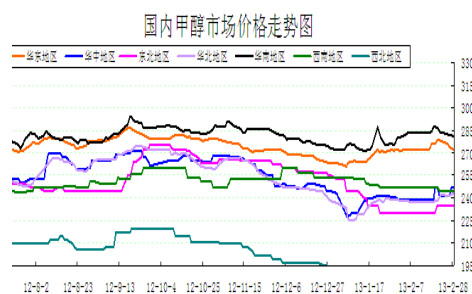
Monthly average ex-plant Price; RMB 2174/ton
 ↑ 1.4%

Monthly average FOB Price: USD400/ton ↑ 2.6%



**Methanol: Improving market
 Monthly ex-plant Price:
 RMB2508/ton**

After the festival, the producer inventory remains low and the low market inventory increases. The price increase by RMB20-120 in inland cities and RMB10-30 in port market. Besides, the tense supply is gradually alleviated. Based upon the incomplete statics, the operation rate increases to 65% and the domestic volume will increase.



Liquid Ammonia: declining price in domestic market

Impacted by the festivals, the low market behaves weak. The price declines, especially in Sichuan areas. The gas supply is alleviated and urea producers begin to operate so that the supply increase. Now the ammonia price fluctuates by RMB100 per ton.

Monthly Average ex-plant Price: RMB3130/ton
 ↓ 3.1%

