

# AgroMonitor

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SPECIAL ISSUE

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AGROMONITOR'S  
EXPERTS SAY ABOUT  
ECONOMIC AND  
COMMODITIES'  
OUTLOOK



VIETNAM'S  
ECONOMIC  
OUTLOOK



COMMODITIES'  
OUTLOOK

**SPECIAL ISSUE**

**AgroMonitor**

**NO1 – 22/MARCH/2010**

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## **MACROECONOMIC IMBALANCES DEEPENING WITH EARLY WARNING SIGNS<sup>1</sup>**

There are early warning signals (EWS) that the macroeconomic outlook of Vietnam for 2010 is worsening with increased inflation as a result of rapid monetary and credit expansion and heavy fiscal deficit, pressures on the exchange rate due to rapidly declining reserves and increasing concern by investors about the persistent trade deficit and weak government finances, and the domestic credit market debacle with black market conditions and large spread between lending and deposit rates in the banking system.

Available data for January and February seem to confirm the above trends, notably the surging inflation in the last two months. The CPI rose strongly in January at 1.36% mom and 7.62 yoy, reflecting the impact of recent adjustments in the exchange rate, a sharp rise in food prices and the rise in petroleum prices due to rising import costs. In February, this trend accelerates with the added influence of Tet spending and another recent rise in petroleum prices in February. The CPI rose by 1.98% mom and 8.6% yoy in February.

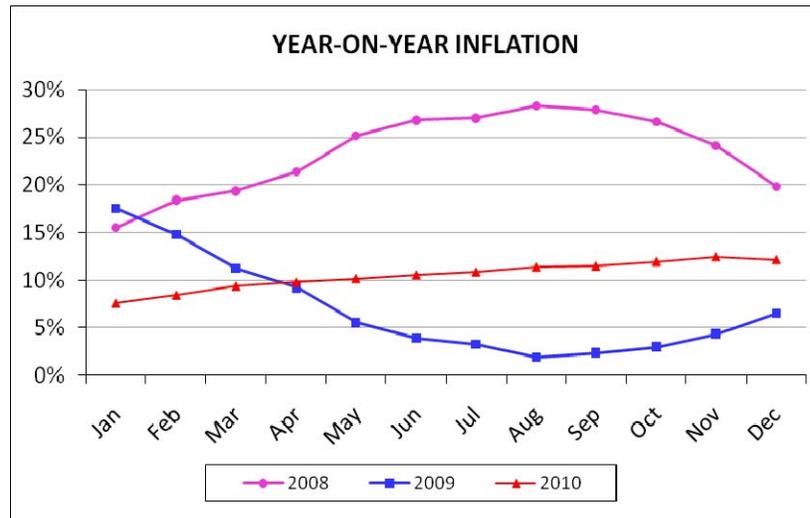
This confirms the results based on our monthly inflation tracker/projector which has sought to forecast monthly changes in the CPI based on monthly changes in domestic credit six months earlier (this is based on observed six-month lags between money and prices), adjusted by ad hoc changes in petroleum and utilities prices, wage adjustments, as well as seasonal factors like Tet and Christmas (the two holidays' seasons which impact consumer spending and prices strongly).

This simple tool has given us a good warning sign about inflation in the past and can help to guide future policies against inflation and its related impact on exchange rates and interest rates. Indeed, it points to the gloomy prediction that inflation can reach yoy double-digit levels for the rest of the year, starting as soon as in the second quarter.

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<sup>1</sup> Dr. Pham Do Chi, Co-founder and senior adviser of AgroMonitor

## ECONOMIC AND COMMODITY MARKETS OUTLOOK



Meanwhile, with most of overseas Vietnamese leaving the country after Tet and with them the abundant sources of short-term USD supply, the pressures on the VND exchange rate might accelerate, notably in conjunction with rising demand for imports for the anticipated resumption of economic activity after Tet. The continued warning sign in this area is the rising black market exchange rate.

Thirdly, the domestic credit market continues to show tight liquidity signs with effective deposit and loan bank rates far above the regulated “ceiling rates”. Black market conditions continue in the banking system, especially with the recent publicity of the arrest of a senior banking officer for extorting “rent” from a borrower. These unusual conditions may last and would hamper the business environment seriously, notably against the background of the current “frozen” real estate market.

#### **Possible policy actions to redress the situation and impact on markets**

Though the above signs do not yet lend themselves to an imminent crisis, the wary observations of recent key macroeconomic variables against the normal sustainability and vulnerability indicators do point out the *risks of crisis* to suggest that measures should be taken soon to prevent their worsening into crisis conditions.

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*The key policies are decisive cuts in real aggregate demand to contain inflation and immediate measures to curtail black market conditions in both exchange rate and domestic credit markets.*

- Continued depreciation of the exchange rate without a real cut in domestic aggregate spending may prompt another depreciation, if prices keep moving up, and simply cause a cost-price spiral, as financial imbalances are re-emerging in the Vietnamese economy in a fundamental way.
- Monetary policy would consist of a sharp slowdown of domestic credit expansion and higher rediscount and refinancing rates by the State Bank to be used as major policy tools instead of the base interest rate.
- *The base rate would cease to be the major policy rate and be announced only every 3 months as the reference civil rate (lãi suất tham khảo dân sự).*
- This rate would be calculated as two thirds (2/3) of the average lending rates by some 4-5 major banks. Under a newly liberalized system of deposit and lending rates, banks can again negotiate both these rates under market conditions. *Suppose that the average negotiated lending rates by major banks are 21% then the reference civil rate would be  $21\% \times 2/3 = 14\%$ . This is used only as a reference rate to fix the maximum civil interest rate of 21% (or 150% of the reference rate) for the purpose of the current civil laws.*
- The key to success is a public spending policy more responsible than at present, aiming at reducing and rationalizing public expenditure to sharply curtail the budget deficit. At the same time, the impact on growth would be limited by scrutinizing public investment projects, so less public spending does not necessarily mean slower growth rate. To this end, the idea of creating another public law, the *Law for Public Capital Projects*, would be most appropriate to control wastes in executing public investment projects and hence improve efficiency of total investment.

**ECONOMIC AND COMMODITY MARKETS OUTLOOK**

- A quick and decisive action is needed to restore true market conditions in credit and foreign exchange markets, even at the price of more jumps in interest rates and VND exchange rate in the next few months. Then, subsequent effective management of aggregate demand through tight monetary and fiscal policies can bring interest rates and exchange rate back down to more normal levels within six months.

***Thus, serious tightening of monetary and fiscal policies might be the right heading of policy prescriptions in 2010.***

## RICE MARKET OUTLOOK<sup>2</sup>

According to data in early March by the Plant Protection Department for Southern provinces, 480,197 ha of the 2009/2010 winter-spring rice crop was harvested. 27,324 ha was in a productive stage; 242,484 ha was in a blossoming one; and 884,253 ha was in a ripening one. Moreover, 83.698 ha of the 2010 winter-spring rice area was planted in Soc Trang, Dong Thap, Vinh Long and Tay Ninh.

*Domestic rice market was in a downward trend,* particularly ordinary paddy price in Can Tho and Da Nang dropped over 6% to VND 4,400/kg and VND 5,000/kg, respectively. In big cities like Hanoi and HCMC, ordinary rice price also declined to VND 5,500/kg and VND 5,000/kg.

Up to now, 2009/10 winter-spring rice harvested area in the Southern provinces has reached about 20% of the total transplanted area of over 1.8 million ha. Meanwhile, export rice market has been relatively quiet in recent weeks and export price sharply dropped due to weak demand.

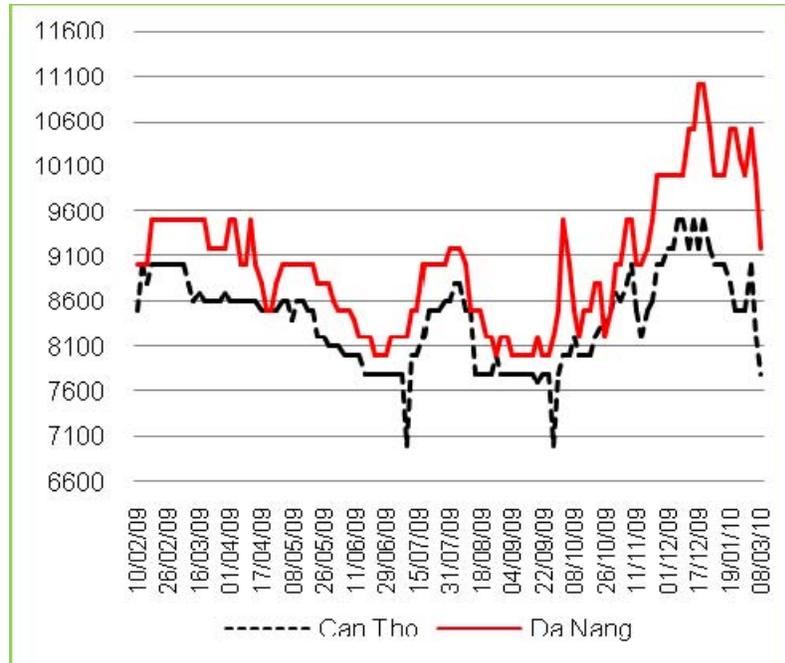
*Export rice market continued to remain “weak”.* 25% broken rice price stayed unchanged at US\$ 370/ton. Only 5% broken price slightly rose from US\$ 395/ton in the previous week to US\$ 400/ton, *thanks to stronger import demand from Iraq.* Iraq is a great customer of Vietnamese rice. In 2009, Iraq ranked ninth in list of Vietnam’s top rice import markets with the value of over US\$ 67 million and the volume of 168 thousand tons. In this year, Vietnam won the tender to supply 150,000 tons of rice to Iraq.

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<sup>2</sup> Nguyen Hieu Tam, Head of Rice Research Department of AgroMonitor

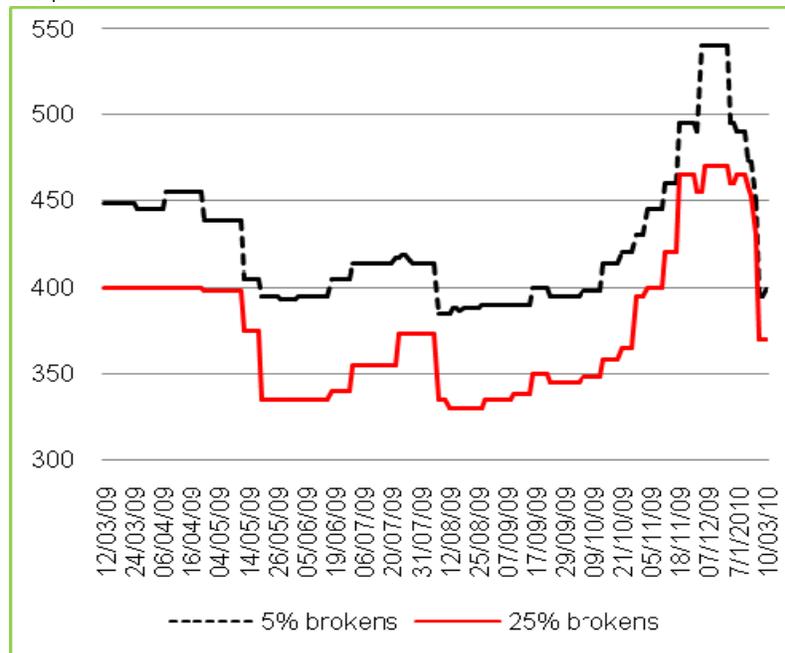
**ECONOMIC AND COMMODITY MARKETS OUTLOOK**

**Price of ordinary rice in domestic markets, VND/kg**



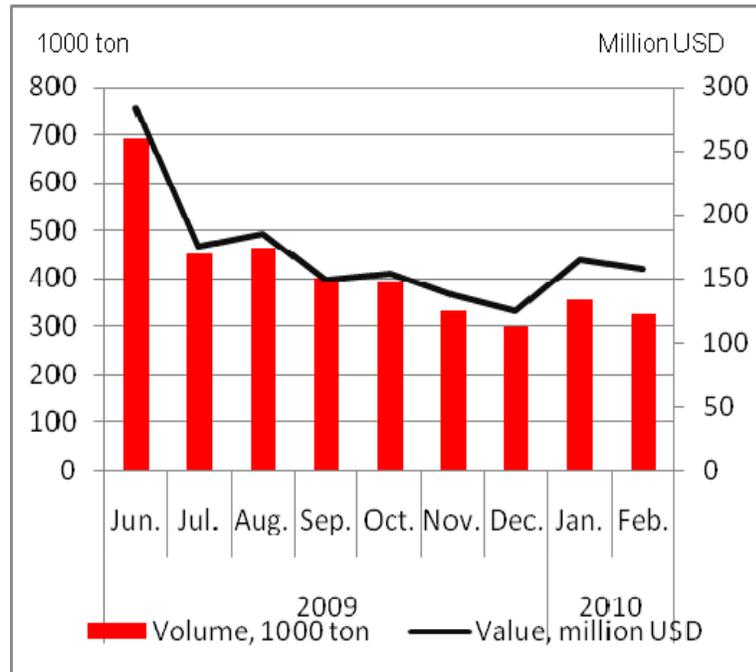
Source: AgroData – AgroMonitor

**Export prices of Vietnamese rice, US\$/ton**



Source: AgroData - AgroMonitor

### Vietnam's rice export value and volume



Source: AgroData - AgroMonitor

Despite a slight increase in 5% broken price, export rice market was generally less exciting because of relatively weak demand from other markets besides Iraq and Bangladesh. In particular, the Philippines, the world's biggest rice importer, has not made any move to import yet; and India not only announced not to import more rice but also allowed exporting some rice varieties. Moreover, with increasing supply from Thailand, Pakistan and Burma also promoted rice export, creating more pressures on Vietnam's rice export this year.

According to the VFA's data, in Feb. 2010, Vietnam exported 356,513 tons, worth US\$ 174.7 million. Rice exports from March 1 to March 5 reached 51,155 tons, worth US\$ 23.9 million. Accumulated rice exports from January 1 to March 5 were 761,539 tons, worth US\$ 362.6 million.

As the world rice market remained "gloomy", export price of several countries continued dropping. On March 10, 2010, futures price on Chicago commodities market dropped to the

**ECONOMIC AND COMMODITY MARKETS OUTLOOK**

lowest in the past 10 months because of low demand. In the Asian market, rice price was also in a downward trend due to increasing supply from two big exporters, namely Thailand and Vietnam.

Rice procurement for reserve stocks of the VFA's enterprises is rapidly taking place. With such purchases expected in the coming weeks, domestic rice price may improve somewhat. However, because of the abundant supply added by 2009/10 winter-spring rice crop, domestic rice price may not rise significantly. *In the period immediately ahead, rice price is forecast to only slightly rise in some localities.*

The information that Vietnam won the tender to sell rice to Iraq partly contributed to a positive outlook. But, Vietnamese rice will face strong competition from new export promoting countries like Pakistan. *Therefore, Vietnam's export rice price is forecast to remain low in the short term.*

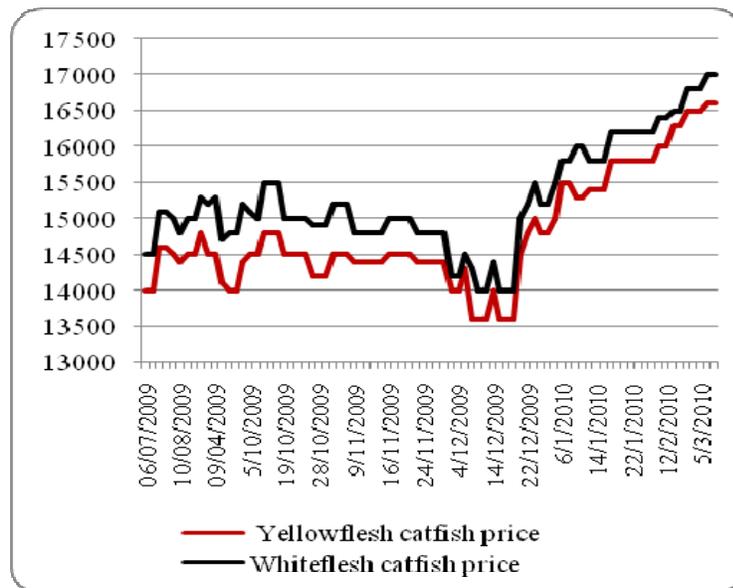
As Bangladesh opened a tender to import 50,000 tons of parboiled rice and Iraq bought 60,000 tons of rice from Thailand, Thai rice price is forecast to stay stable or slightly rise in the near term.

## ECONOMIC AND COMMODITY MARKETS OUTLOOK

**FISHERY MARKET OUTLOOK<sup>3</sup>**

*Catfish wholesale price in the Mekong River Delta continued to rise in the fourth consecutive week.* On 11<sup>th</sup> March, catfish price in An Giang continued to rise 100 – 200 VND/kg depending on species. Specifically, whiteflesh catfish rose 200 VND/kg to 17,000 VND/kg; yellowflesh catfish price increased by 100 VND/kg to 16,600 VND/kg for type 1. Although material catfish production of An Giang in February 2010 increased by 10,000 tons compared to the same period of last year to nearly 30,000 tons, current material catfish price continued to sharply increase.

Domestic material catfish price is expected to continue highly rising at least in some coming weeks when raisers begin entering a new catfish harvest

**Wholesale price movements of catfish in An Giang (VND/kg)**

Source: AgroData - AgroMonitor

<sup>3 3</sup> Nguyen Thanh Hoa, Head of Fishery Research Department of AgroMonitor

## ECONOMIC AND COMMODITY MARKETS OUTLOOK

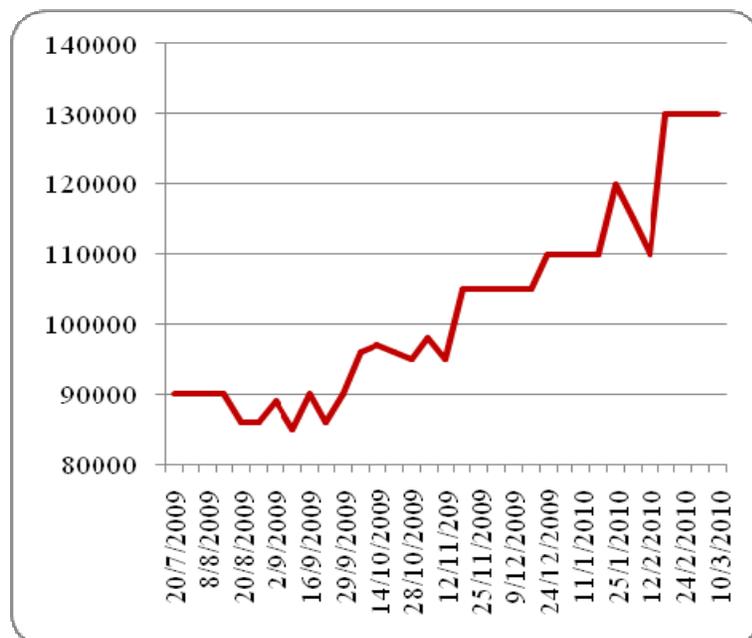
*Shrimp price in the Mekong River Delta saw a quite complicated movement; it increased or decreased depending on both region and material shrimp size.*

In Bac Lieu, black tiger shrimp price sized 30 heads/kg and 40 heads/kg rose 1,000 VND/kg and 2,000 VND/kg to 136,000 VND/kg and 110,000 VND/kg, respectively, while the one sized 20 heads/kg was unchanged at 165,000 VND/kg. According to the traders, medium and small sized shrimp prices have recently increased because of a sharp increase in domestic consumption.

However, according to export processing enterprises' representatives, black tiger shrimp purchasing price was quite stable in 3 recent weeks at 130,000 VND/kg while white shrimp price over the week declined by 1,500 VND/kg to 53,000 VND/kg.

In some early raising areas, raisers started to harvest, which made the shrimp supply more plentiful than the time of late 2009 and it was a main reason of white shrimp price decrease.

### **Black tiger shrimp sized 25-30 heads/kg in the Mekong Delta region (VND/kg)**



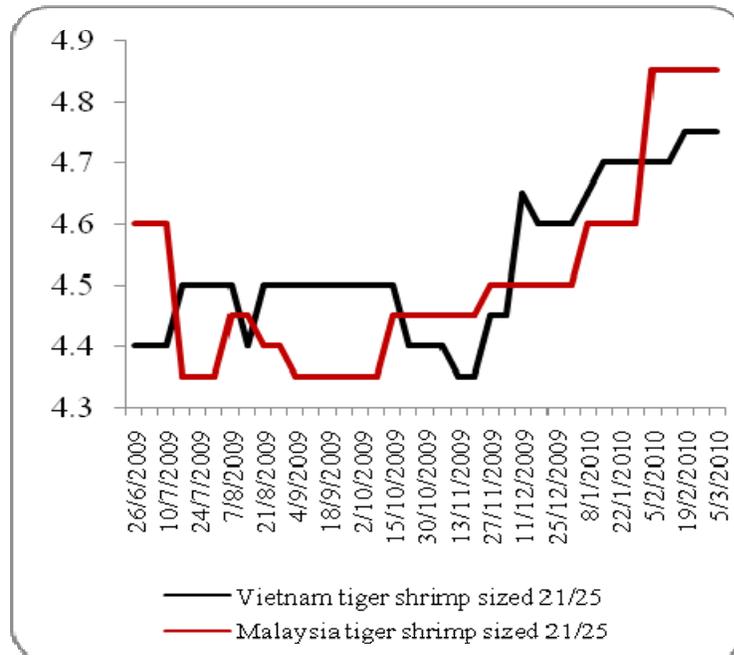
Source: AgroData - AgroMonitor

## ECONOMIC AND COMMODITY MARKETS OUTLOOK

*Despite a price decrease in only two codes, New York shrimp market (the U.S.) was likely to stop increasing after a slight recovery for several weeks. Europe's fresh fishery market continued to decline sharply.*

After the 11<sup>th</sup> March session, fresh shrimp price in Mercabarna (Spain) continued to drop 1.59 EUR/kg to 35,000 EUR/kg; fresh river prawn price declined 2.4 EUR/kg to 32 EUR/kg. Meanwhile, price of some kinds of frozen seafood was stable against the previous week, frozen white shrimp price stayed at 12 EUR/kg; and frozen prawn price was 4.7 EUR/kg.

**Price of black tiger shrimp sized 21/25 in the U.S.  
(USD/pound)**



Source: AgroData - AgroMonitor

In the past, thanks to the positive impacts of a promotional campaign of the supermarket system and appreciation of the JPY against the USD, shrimp price, especially black tiger shrimp price, in Japan has been more reasonable to encourage more consumption.. Similar to the U.S.'s market, Japan's market was much affected by the economic crisis, and the Japanese were likely to avoid consuming high-standard fishery products; they used more popular commodities (like whole headed shrimp and unprocessed shrimp) to minimize the cost.

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As a result, consumption of shrimp products with a high added value (all processed shrimp varieties and big-sized shrimp, etc) in restaurants saw a serious decline. For example, Sushi ebi consumption in restaurants in 2009 declined about 5-10% in comparison with the same period of 2008. According to experts, that trend may last until April 2010.

*In January, Vietnam's shrimp export value reached 69.5 million USD, up 32% compared with the same period last year.*

According to General Department of Vietnam Customs, Vietnam's shrimp export value in January 2010 reached 69.5 million USD, up 32% against 53 million USD of the same period last year. Japan was Vietnam's biggest shrimp importer with the value of 20.8 million USD, accounting for 30% of total export value. Japan's shrimp import value in January 2010 rose 11% compared to January 2009. The U.S. ranked second with the value of 12.1 million USD, up 21.2% against January 2009.

Bad information of Vietnam's shrimp export on 10<sup>th</sup> March as the U.S. Department of Commerce announced the preliminary result of a review of anti-dumping duty on Vietnam shrimp imported to the U.S. from February 1, 2008 to January 31, 2009. Therefore, Vietnam has no enterprise benefiting from the tax under 2%. Especially, Minh Phu Corp was applied the highest tax of 3.27%, others were levied the one of 2.89% and Nha Trang Seafoods with the lowest tax of 2.5%. Enterprises exporting shrimp to the U.S were levied a high tax of 25.67%. It was really a back step for Vietnam's shrimp export compared to the review of anti-dumping duty from February 1, 2007 to January 31, 2008 when many enterprises were levied only the tax of nearly 0%.

*Vietnam's catfish export value in January 2010 reached 110.6 million USD.*

According to the General Department of Vietnam Customs, in January 2010, Vietnam's catfish export volume was about 49.9 thousand tons with the value of 110.6 millions USD. The U.S continued to be Vietnam's biggest catfish importer with the value of 10.3 millions USD (accounting for 9.4% of Vietnam's total catfish export value) while the import volume was 3.1 thousand tons. It was noticed that although Germany's catfish

**ECONOMIC AND COMMODITY MARKETS OUTLOOK**

import volume from Vietnam (3.7 thousand tons) was much greater than the U.S.'s one, Germany's catfish import value in January 2010 only reached 9.6 million USD. Mexico ranked third with the volume of 3.5 thousand tons, worth 7.7 million USD.

In the coming time, regardless of the shrimp harvest coming, domestic shrimp price is forecast to remain high because export demand is high and shrimp areas in Phu Yen, Bac Lieu and Long An, etc. suffer from losses of the epidemic and bad weather. Particularly, according to Long An Department of Agriculture and Rural Development, brackish water shrimp raising area in the entire province has been 2,178.53 ha since early 2010; of which black tiger shrimp area accounts for 1,839.38 ha; white shrimp area is 293.15 ha and fresh rive prawn area is 46 ha. However, by 3th March 2010, 1,023.43 ha of shrimp area are infected by white-spot syndrome virus, accounting for 47% of raising area. In Ca Mau, completely lost shrimp area is up 50 ha. In Phu Yen, since early 2010, infected white shrimp area has reached 238.6 ha, accounting for 61.2% of the total raising area. If the epidemic still continues and expands, it will affect material shrimp production as well as its quality.

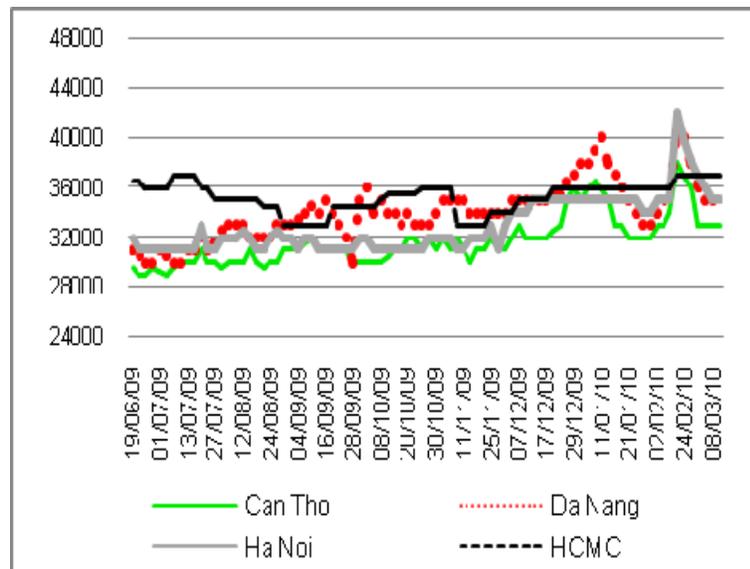
Catfish price is forecast to continue increasing and remain high because the current supply is limited. During 2009, fish price was low while input material prices such as animal feed price rose highly and continuously, which caused raisers to leave their ponds and lagoons idle. For example, in An Giang (the province has the biggest catfish raising area of 6,000 ha), there are only 2,000 ha of shrimp-raising area, down 65%.

## MEAT AND FOOD MARKET OUTLOOK<sup>4</sup>

The pork volume in two wholesale markets in HCMC rose again to 361 tons/day (rising 25.8% against the previous week). In Hoc Mon market, the pork volume over the week raised 45 tons/day (30%) to 193 tons/day. The pork volume in Binh Dien market also increased by 29 tons/day (20%) to 168 tons/day.

Although the pork volume in the wholesale markets in HCMC over the recent 4 weeks saw a sharp change, the ham wholesale price was stable. In Binh Dien market, the ham wholesale price was 58,000 VND/kg; in Hoc Mon market, it was 56,000 VND/kg.

### Over-80-kg live hog price in domestic markets (VND/kg)



Source: AgroData - AgroMonitor

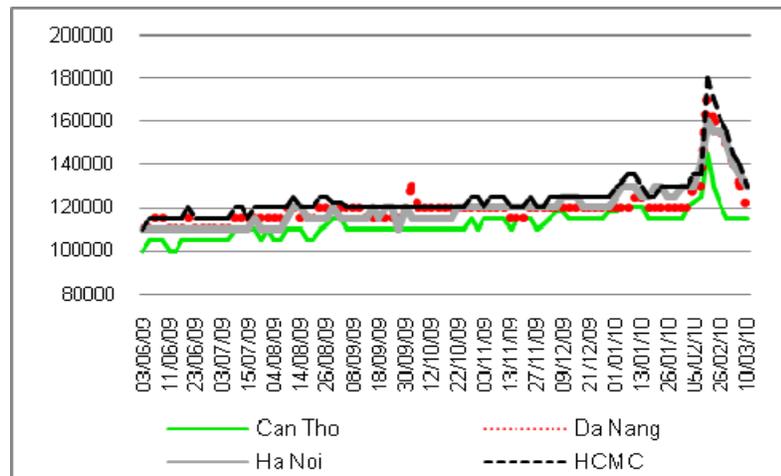
Although the buying power was down slightly, the pork price in HCMC since Tet remained high. There was a great difference in pork price between the wholesale market and retail market as well as among the fresh pork factories.

<sup>4</sup> Bui Minh Nguyet, head of Meat research department of AgroMonitor

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The silverside retail price in Da Nang and HCMC over the week continued to decline sharply. In Da Nang, the silverside price dropped 20,000 VND/kg (13.8%) to 125,000 VND/kg. In HCMC, the one decreased 15,000 VND/kg to 135,000 VND/kg (10%). In Hanoi, it declined 12,500 VND/kg to 132,500 VND/kg.

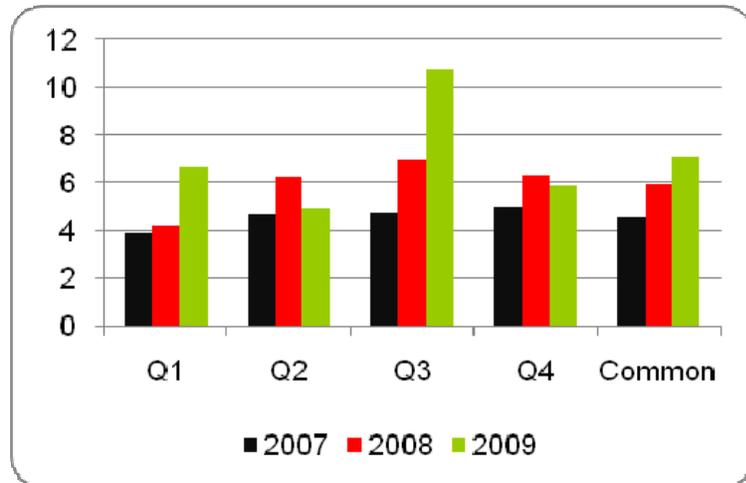
## Silverside price movement in several markets (VND/kg)



Source: AgroData - AgroMonitor

The decline of pork and beef prices in recent weeks will make the meat market stabilizing after 15<sup>th</sup> March. Some pig raising households are likely to reduce herds, some leave the pigpens empty because of high input cost. If this situation happens widely, it will affect the market in late quarter II 2010.

The value of animal husbandry in quarter IV 2009 was lower than in quarter III 2009 and in the same period of 2008. The increasing speed of input cost is usually higher than the one of commodity's selling price. Therefore, the animal husbandry's production value rule which often increases highly in the final quarter of year is changed. That shows the warning of domestic meat supply in 2010, especially in the first half of the year. Facing the import meat supply decline, the appropriate authorities have tightened the quality rules as well as the import procedure. Therefore, the domestic meat supply change is considered as important factor strongly controlling the meat price change, directly affecting the retail meat price.

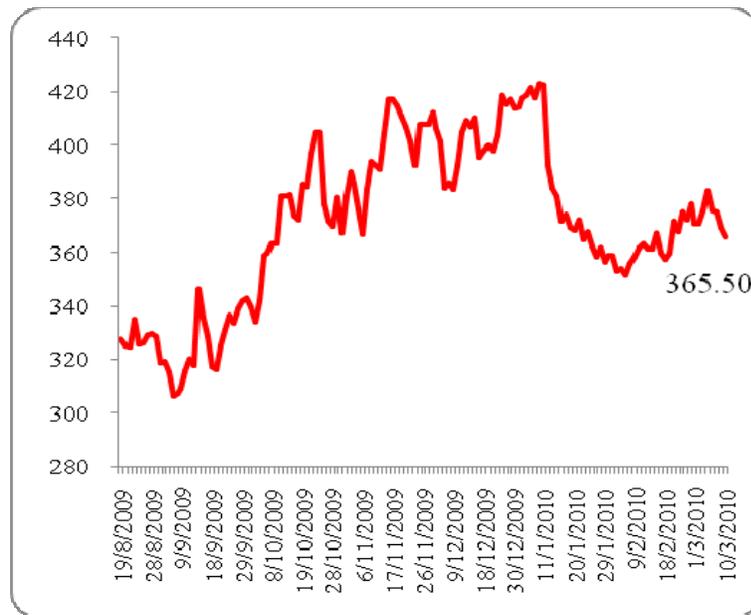
**Growth rate of livestock industry by quarter, years 2007 - 2009 (%)**

Source: AgroData – AgroMonitor

## ANIMAL FEED MARKET OUTLOOK<sup>5</sup>

Recently, transactions on CBOT market were quite gloomy. A combination of a stronger appreciation of the US dollar and quite low crude oil price contributed to causing CBOT cereal price to fall. Despite the information that the USDA slightly adjusted the forecast on corn production in the new year crop, May corn price on Chicago Mercantile Exchange was in a downward trend. By the end of Wednesday session (March 10), corn price was only 365.5 Uscent/bushel, down 10 cent against the average price of the previous week.

### March Chicago corn futures, August 2009 – March, 2010 (UScent/bushel)



Source: CBOT

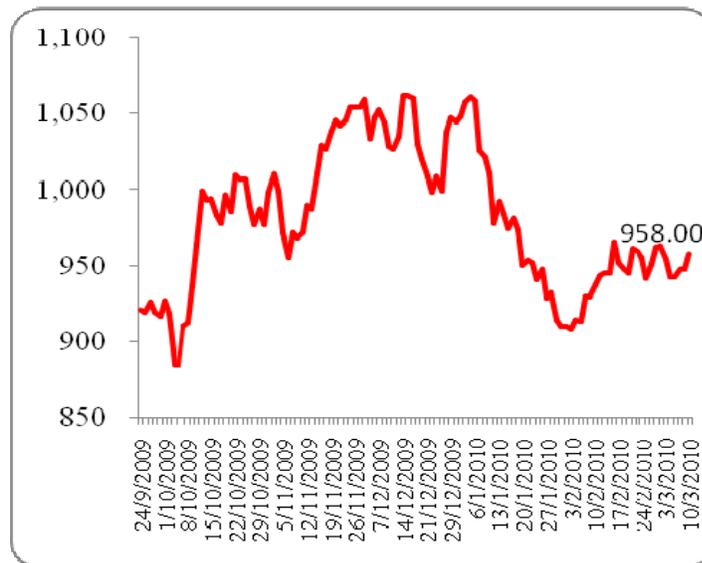
With the latest forecast, China's soybean import volume in February 2010 was down 9.51% against the same period of 2009. The above confirmation plus the information that the Chinese government plans to sell 7 million tons of soybean from its stock in the market immediately caused soybean and soybean meal price on CBOT market to sharply decline. By closing Monday session (March 8), May 2010 CBOT soybean

<sup>5</sup> Phan Hong Lien, Head of Animal Feed Research Department of AgroMonitor

## ECONOMIC AND COMMODITY MARKETS OUTLOOK

meal price reached only 259.2 USD/short ton, down 4.72 USD/short ton (equivalent to 1.79%) against the average price of the previous week. This has been considered the time when CBOT soybean meal price reached the bottom in the past 6 months.

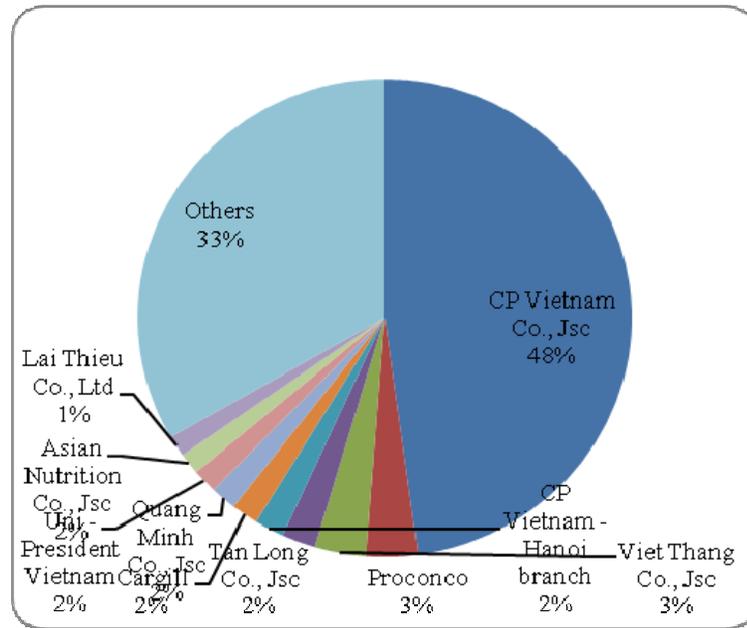
**May 2010 Chicago soybean futures, September 2009 – March 2010 (UScent/bushel)**



Source: CBOT

Currently, domestic corn price remained unchanged at VND 5,500/kg from the previous week. The market did not have much new information greatly affecting this commodity price, except that the price of cassava – a substitute for corn, was likely to rise quite sharply.

### Proportion of Vietnam's top 10 import feed enterprises in January 2010



*Source: AgroData – AgroMonitor, extracted from General Department of Vietnam Customs*

According to latest data from the General Department of Vietnam Customs, Viet Nam Charoen Pokphand Joint Stock Company is an enterprise which mostly imported feed and feed ingredients nationwide in January 2010 with the value of 132.66 million USD, accounting for 47.84% of the total import value of this industry. Proconco and Viet Thang Fishery Joint Stock Company rank second and third, respectively. For some past years, Viet Thang strongly developed to affirm its position to be one great enterprise in the feed industry, particularly in fishery feed sub-sector. In two consecutive years, 2008 and 2009, this company was present at the list of top 10 feed enterprises with a positive growth rate. Viet Thang's import partners in January 2010 are quite narrow with only four countries, namely India, Argentina, United Arab Emirates and China.

In January, one new member presented in the list of top 10 feed enterprises was Quang Minh Technology Development and Investment Limited Company with its import value of 4.76 million USD (accounting for 1.72% of the total import value). This company mainly imported goods from the U.S.

**ECONOMIC AND COMMODITY MARKETS OUTLOOK**

Proconco has just been offered with an award “2010 Asian Feed Miller of Year”. The award was organized by Asian Feed Magazine and sponsored by Addcon. Judged criteria for enterprises in the contest include industry leadership, use of technology, quality control and safety, logistics and marketing.

According to the latest report in February 2010 of the Foreign Agricultural Service (USDA), the total soybean production worldwide in 2009 reached 210.86 million tons, down 10.28 million tons (equivalent to 4.65%) against 2008.

Meanwhile, the world’s soybean harvesting area rose from 90.73 million ha in 2008 to 96.28 million ha in 2009, equivalent to about 6.12%. Therefore, the production decline in 2009 mainly originated from a decrease in productivity. The changing weather conditions in some main producing countries, like a severe drought in Argentina and a prolonging shortage of water in India and Brazil, etc..., are important factors for the growth of soybean areas in these regions.

Rates for oceangoing freight have risen sharply since sinking to all-time lows in 2009, and this trend cut into profit margins for both importers and exporters. In particular, the cost of shipping a standard 40-foot container of merchandise in January 2010 averaged about 2,500 USD, up nearly 50% against the same period of the previous year and 62% against May 2009, when container shipping fee was the lowest in the past 60 years.

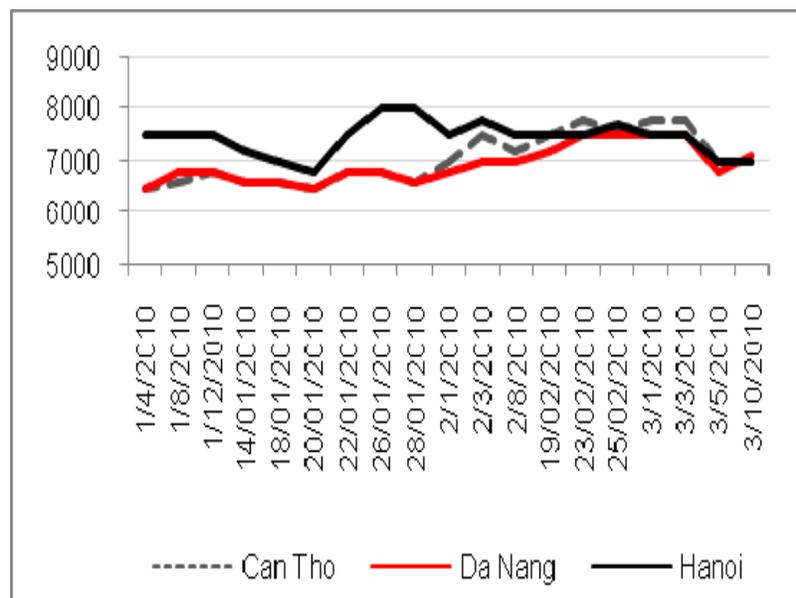
Basically, the price increases which began in the second half of the previous year are largely attributable to decisions by containership companies to idle portions of their fleets given the world economic crisis. According to Drewry Shipping Consultants Ltd, (the U.K.), about 10% of the global containership fleet has been taken out of service after that economic recession period and it is also a principal reason which sharply pushed up oceangoing freight currently when demand for imports and exports is gradually recovering. With such a situation, freight price may be considered as one of factors causing our feed import enterprises to raise feed price in the coming time.

## FERTILIZER MARKET OUTLOOK<sup>6</sup>

Prices of several fertilizers dropped because the demand stopped rising and supply remained quite stable. As of March 4, 2010, according to the Plant Protection Department in the Southern provinces, 480,197 ha of 2009/2010 winter-spring rice crop were harvested. 27,324 ha were in a productive stage; 242,484 ha were in a blossoming one, and 884,253 ha were in a ripening one. That 83.4% of winter-spring rice area in the Southern provinces was harvested or was in main harvest sharply reduced fertilizer demand in the short term. However, in 4 provinces, namely Soc Trang, Dong Thap, Vinh Long and Tay Ninh, that 83,698 ha of early summer-fall rice crop were planted will contribute to increasing fertilizer demand again in the coming time.

Urea price in many markets simultaneously dropped about 2-7% recently. Can Tho saw the sharpest decline in Urea price of VND 500/kg (equivalent to 7.1%) against the previous week to VND 7,000/kg. However, against the same period of the previous year, Urea price in Can Tho went up about 35.7% (equivalent to about VND 2,000/kg).

### Urea fertilizer price in some markets, VND/kg



<sup>6</sup> Trần Ngọc Yến, CEO and commodity expert of AgroMonitor

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*Source: AgroData - AgroMonitor*

According to the information from Vietnam National Chemical Group (Vinachem), fertilizer production in the first 2 months, 2010 continued to drop. Urea production only reached over 132,000 ton, down 20% because the production of Habac Nitrogenous Fertilizer and Chemical Company was down 61.4% due to a breakdown, causing it to be interrupted for repairment in mid February; therefore, NPK production reached only 166,000 tons, down 12.1%; phosphate 213,000 tons, down 0.4% against the same period of 2009.

Regarding Vietnam's fertilizer import value by market, China continues to rank first in value when the country reached 152.7 thousand tons in volume and 47.2 million USD in value in January 2010. However, against the same period of 2009, China's market share of Vietnam's total fertilizer import value sharply dropped (down 8.4% in volume and 13.2% in value). The data also show that Vietnam is paying more attention to markets like South Korea and Russia because Vietnam's fertilizer import market share from South Korea sees the sharpest increase when it rises to 11.9% in volume and 11.2% in value. Meanwhile, Vietnam's fertilizer import market share from Russia rises 7.3% in volume and 10.5% in value. This shows that Vietnam has been gradually diversifying its fertilizer import markets to prevent from much depending on Chinese market. The number of Vietnam's fertilizer import markets in January 2010 is 27 while it was 16 in the same period of 2009.

*Ha Anh Import-Export Joint Stock Company rose to rank first among the import companies from Chinese market.* With the fertilizer import value of 9.5 million USD from Chinese market in January 2010, Ha Anh Import-Export Joint Stock Company rose to rank first among over 60 import enterprises from this market. Meanwhile, its import value in the same period of 2009 from China only reached 297 thousand USD.

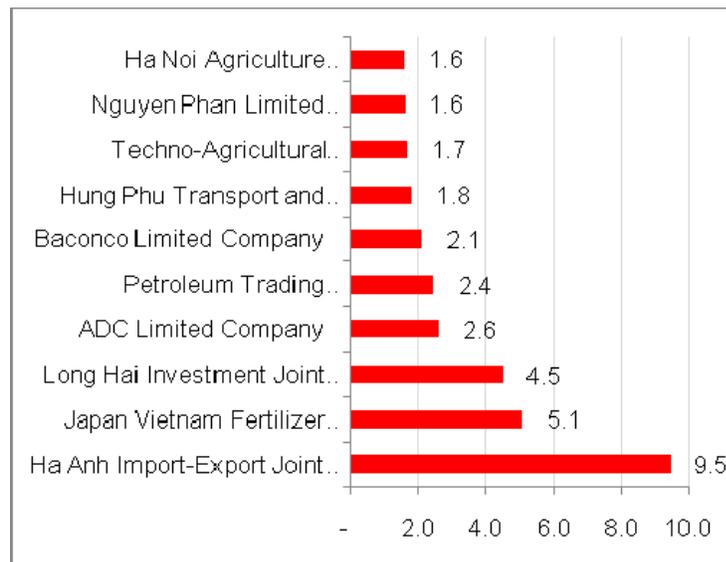
In another move, Petroleum Trading Services Company Limited – the biggest fertilizer importer in January 2010 ranks first among the import companies from Iran and South Korea.

Earlier, after inspecting the execution of the work at a construction site of the Ninh Binh Nitrogenous factory project (Ninh Phuc industrial zone – Ninh Binh), Deputy Minister, Hoang Trung Hai confirmed that this factory would come into

## ECONOMIC AND COMMODITY MARKETS OUTLOOK

operation as scheduled. Ninh Binh Nitrogenous Factory is funded over VND 11,000 billion with the building duration of 42 months and designed capacity of 1,760 ton of urea/day. When it comes into operation, this factory is estimated to increase domestic urea production in order to satisfy about 65-70% of total demand. Up to now, this project has completed a basic design and a technical design, finishing over 90% of the project and the last things are estimated to be completed in May 2010 and this factory will officially operate in October 2011.

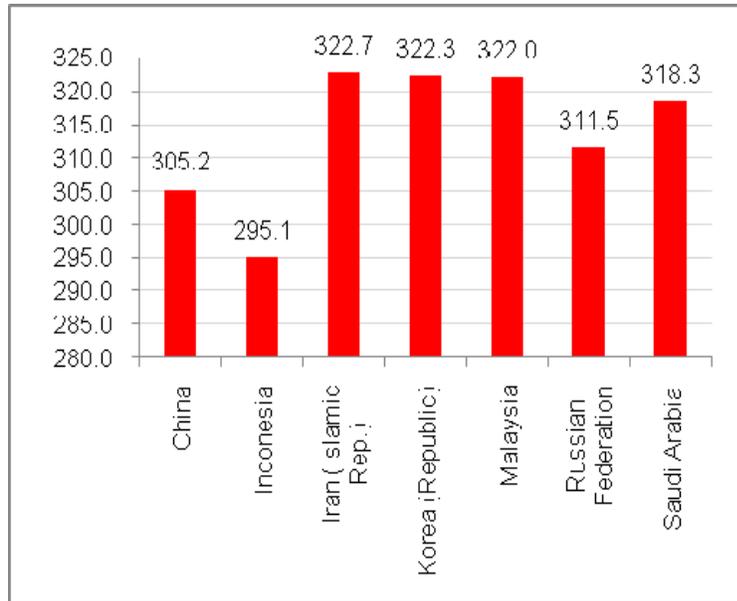
### Import value of top 10 enterprises in Chinese market in January 2010 (Million USD)



*Source: AGROMONITOR, adapted from General Department of Vietnam Customs*

## ECONOMIC AND COMMODITY MARKETS OUTLOOK

### Average fertilizer import unit price in January 2010 (USD/ton)



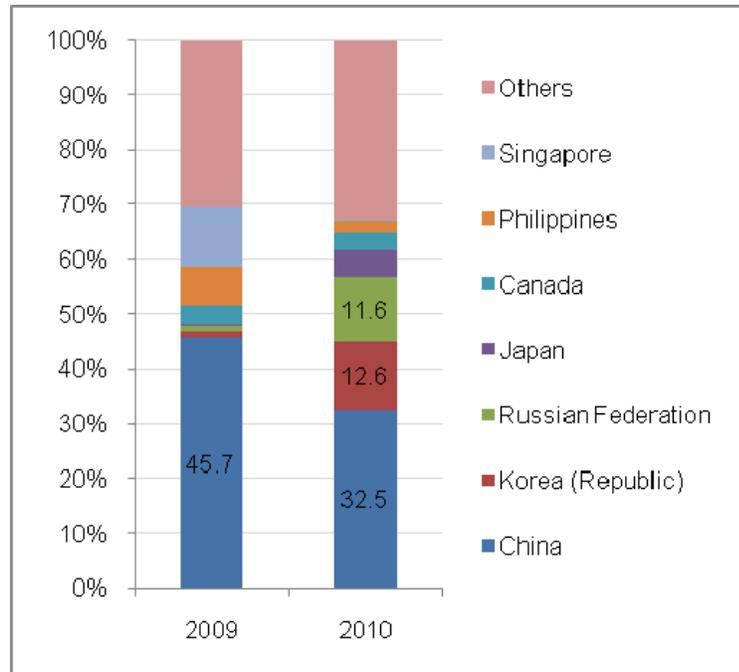
Source: AGROMONITOR, adapted from General Department of Vietnam Customs

### Top 10 fertilizer import enterprises in January 2010 (Million USD)



Source: AGROMONITOR, adapted from General Department of Vietnam Customs

### Change in Vietnam's fertilizer import market share in January 2010 (%)



Source: AGROMONITOR, adapted from General Department of Vietnam Customs

According to a meteorological forecast from Chinese National Observatory, the weather in this country in some coming weeks will be better and the temperature will rise again. Therefore, agricultural production will recover, leading to the increase in fertilizer demand. However, its fertilizer stockpiling by factories is quite huge; accordingly, fertilizer price is difficult to rise in the short term.

Prices of some main fertilizers like Urea, DAP and Potash in the world market are likely to rise again and pressures from highly increasing production cost, resulting from the price increases of petroleum, electricity and coal, may cause domestic fertilizer enterprises to adjust fertilizer prices upwards in the coming time. In addition, increasing fertilizer demand for summer-fall crop in the coming weeks will contribute to pushing up domestic fertilizer prices.

## PUBLICATION LIST IN 2010

In addition to annual reports, quarterly reports, weekly reports and daily report published in 2008 and 2009, Vietnam Market Analysis and Forecast Joint Stock Company (AGROMONITOR) will release several below publications in 2010:

No	Publication name	Version	Released date	Price
1	Vietnam's Agriculture in 2009 and Outlook for 2010	Vietnamese	20/03/2010	1,000,000VND
		English		100USD
2	Vietnam's Rice sector in 2009 and Outlook for 2010	Vietnamese	21/01/2010	1,000,000VND
		English	22/02/2010	100USD
3	Vietnam's Fishery sector in 2009 and Outlook for 2010	Vietnamese	22/01/2010	1,000,000VND
			10/02/2010	100USD
4	Vietnam's Fertilizer sector in 2009 and Outlook for 2010	Vietnamese	30/03/2010	1,000,000VND
		English		100USD
5	Vietnam's Dairy sector in 2009 and Outlook for 2010	Vietnamese	29/01/2010	1,000,000VND
		English	25/03/2010	100USD
6	Vietnam's Pepper sector in 2009 and Outlook for 2010	Vietnamese	28/01/2010	1,000,000VND
		English	15/04/2010	100USD
7	Vietnam's Rubber sector in 2009 and Outlook for 2010	Vietnamese	20/03/2010	1,000,000VND
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		English		100USD
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		English		100USD
12	Vietnam Rice market weekly	Vietnamese	Weekly	400,000VND
		English		50USD
13	Vietnam Food market weekly	Vietnamese	Weekly	400,000VND
		English		50USD
14	Vietnam Animal Feed market weekly	Vietnamese	Weekly	400,000VND
		English		50USD
15	Vietnam Fertilizer market weekly	Vietnamese	Weekly	400,000VND
		English		50USD
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		English	Available	100USD	
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		English		50USD/month	
46	Vietnam Animal Feed market weekly	Vietnamese	Weekly	400,000VND/ month	
		English		50USD/month	
47	Vietnam Fertilizer market weekly	Vietnamese	Weekly	400,000VND/ month	
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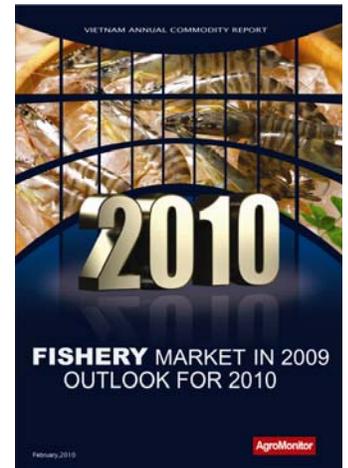
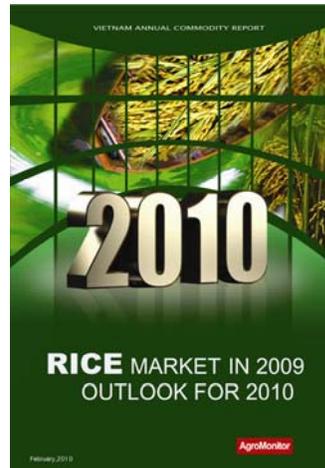
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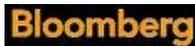
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