

Uralkali Shares Rise on Rumored Potash Price Increase

By [The Moscow Times](#)

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Shares in Uralkali, the world's biggest potash producer, went up more than 6 percent on Wednesday — their largest rise in four months — on speculation that it may increase its prices.

Last year, Uralkali quit a trading alliance with Belarus which controlled 40 percent of the \$20 billion global market of the crop nutrient. The move triggered a plunge in the price of potash as the company focused on increasing sales after years of a "price-over-volume" strategy.

The rise in Uralkali's share price on Wednesday was partly caused by speculation that it may increase its price for customers in Brazil and was supported by a large number of short positions in its shares, the head of sales at a foreign bank told Reuters.

Shares were also supported by the producer's ongoing negotiations over its Chinese contract, which could set a price floor, said Boris Krasnojenov, an analyst at Renaissance Capital

in Moscow.

The contract with China, the world's largest potash consumer, is seen as a benchmark by the bulk of market participants.

"There are rumors that Uralkali will sign the contract with China for the first half of the season soon and that China could agree on the price of \$300 per ton, which would mark the price bottom," Krasnojenov said.

Uralkali declined to comment on its negotiations with customers.

Uralkali shares were up 6.8 percent in the early evening in Moscow at 179 rubles per share, the largest rise since Sept. 9, and outperforming the broader Moscow index which rose 1 percent. Its global depository receipts were up 3 percent in London.

Confidence about higher potash prices also supported some other producers. Germany's K+S was up 2.9 percent in Frankfurt, while Israel Chemicals (ICL) rose 2.8 percent in Tel Aviv. Both outperformed their broader blue-chip indexes, which were up 1.3 percent and 0.9 percent respectively.

Uralkali is signaling that Brazilian buyers will have to pay \$350 to \$360 per ton on a cost-and-freight basis for granular potash for March volumes compared to the current \$320 per ton, JP Morgan said in a note.

JP Morgan said it had seen the first clear evidence of a return to the price-over-volume strategy due to speculation that Uralkali has joined a group called Canpotex, the world's top export group, in pledging that prices below \$300 per tonne in Southeast Asia would not be supported.

Canpotex is owned by Potash Corp of Saskatchewan, Mosaic Co and Agrium Inc.

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