

Sector: Chemicals

Sector View: Positive

Valuation: Inexpensive

Ammonium Nitrate prices have increased 36.7% in April 2024 against April 2023 average monthly price of Ammonium Nitrate. Deepak Fertilizers will be biggest beneficiary of this rise in Ammonium Nitrate prices as the company has recently completed de-bottlenecking additional capacity.

Ammonia prices have stabilized with a rise of 7% in April 2024 after a decline of 8.5% March 2024 against seen in February 2024. Similarly, on the other hand, Ammonia Prices came down by 38.5% YoY and increased by 7% MoM in April 2024. Deepak Fertilizers & Chemicals will be beneficial of this situation as the company consumes around ~85% of their Ammonia produce.

Acetic Acid prices which fell by 12% in March 2024 MoM, increased by 1% MoM in April 2024, stabilizing in the current month. Very positive for GNFC for their Q1FY25 topline (as of 12th April). Anupam Rasayan, Jubilant Ingrevia and Laxmi Organics will reap the benefits of fall in March prices 12.3% MoM in March 2024.

Caustic Soda Flakes prices came down by 38.5% YoY/6.3% MoM in April 2024 against 7.6% rise in previous month March 2024. Negative for Gujarat Alkalies, DCM Shriram and Tata Chemicals. Detergent making companies will be benefitting of this fall in prices.

Similarly, Heavy Soda Ash prices came down by 6.0% MoM / 17.1% YoY in April 2024. Negative for Borosil Renewables in the Solar Glass panel making business.

Gluphosate saw a rise of 1% MoM/down 20% YoY in April 2024, against 4.1% fall in March 2024 over Feb 2024. We believe the Crop Protection Chemicals have already seen the lows in terms of Prices, and are seeing some stabilization at current levels. UPL will reap the benefits of consolidation of Crop Protection Chemicals prices.

In the Refrigerant industry, the prices of R32 increased in April 2024 by 3.6% over March 2024, even as the prices remained 29.9% YoY lower against April 2023 prices. Positive for SRF and Gujarat Fluorochemicals.

Phosphoric Acid prices came down by 6.4% MoM/26.2% YoY for April 2024, used in the Detergent industry and De-greasing applications.

Similarly, the prices of Acetone increased by 5.4% MoM/14.1% YoY for the month of April 2024 while the prices of Phenol decreased by 11.7% YoY & flat over previous month. The increase of prices of Acetone will impact the expenses for solvents higher while fall in Phenol prices will benefit Plastics industry along side Drug companies.

Sector Outlook:

Overall, we see average MoM prices increasing in the month of April, and along with the ongoing crisis in the Middle-East, we believe the prices of Raw Materials will increase in Q1FY25. Base ingredients and Petrochemicals prices are expected to increase further, followed by Agrochemicals and Specialty chemicals prices. **We also anticipate fluctuations in the freight charges in the shipping industry, impacting merchandise and RM prices for many chemical producers in our domestic markets as well as global majors.**

abhishek.jain@arihantcapital.com

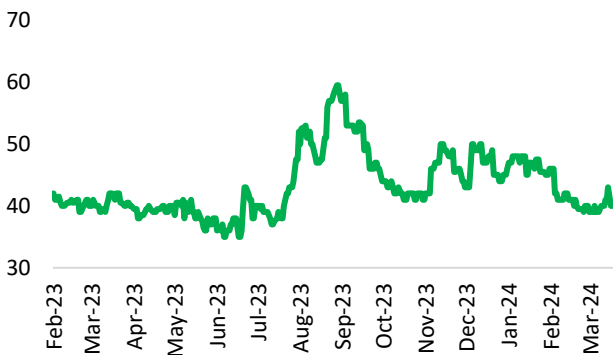
Anmol Das

anmol.das@arihantcapital.com

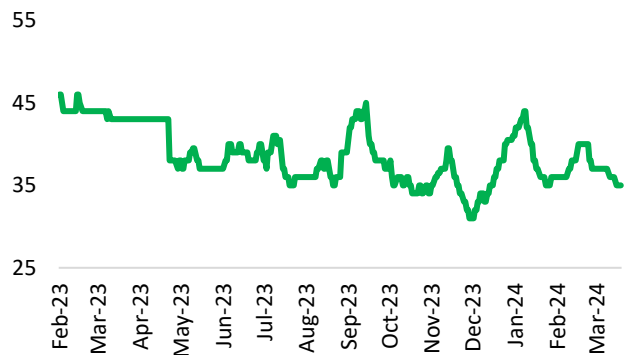
Monthly Prices of Major Chemicals

Chemical / Average Price during Month	Apr-23	Feb-24	MoM	Mar-24	Apr-24	MoM	YoY
Acetic Acid	40	46	-12.3%	40	41	1.0%	0.8%
Heavy Soda Ash	43	37	1.9%	38	36	-6.0%	-17.1%
Caustic Soda Flakes	63	39	7.6%	42	39	-6.3%	-38.5%
Light Soda Ash	41	36	4.5%	38	35	-6.7%	-13.2%
Phenol	121	108	-0.4%	107	107	0.0%	-11.7%
Acetone	111	120	-0.2%	120	126	5.4%	14.1%
Palm Oil	154	140	6.6%	149	155	4.2%	0.9%
Ethyl Acetate	94	88	-5.1%	84	83	-1.5%	-12.2%
Phosphoric Acid	131	95	8.8%	103	96	-6.4%	-26.2%
Ammonia	44	27	-8.5%	25	27	7.0%	-38.5%
Gluphosate	747	617	-4.1%	592	598	1.0%	-20.0%
R32	588	396	0.3%	397	412	3.6%	-29.9%
Urea	361	352	6.4%	374	356	-4.8%	-1.4%
DAP	555	595	-1.3%	587	567	-3.4%	2.3%
Ammonium Nitrate	169	230	2.1%	235	231	-1.6%	36.7%

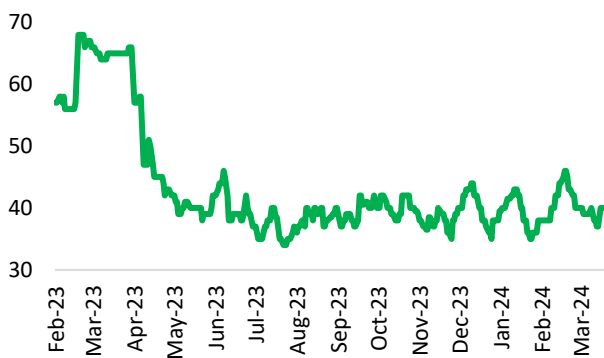
Acetic Acid - Mumbai Imported tanker Prices (INR/Kg)



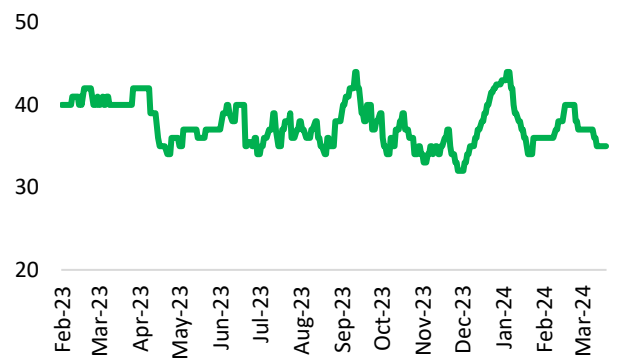
Heavy Soda Ash - Domestic Intact (INR/Kg)



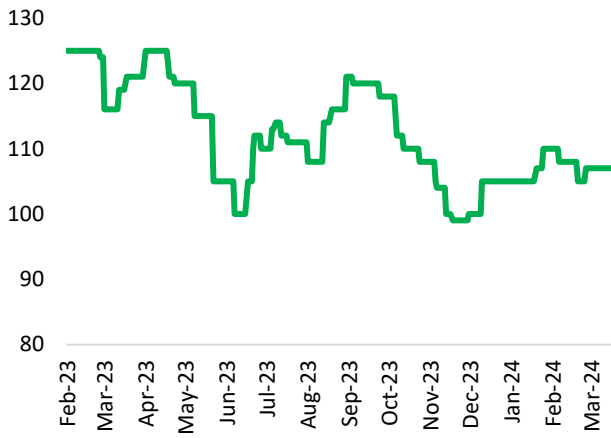
Caustic Soda Flakes - Domestic intact (INR/Kg)



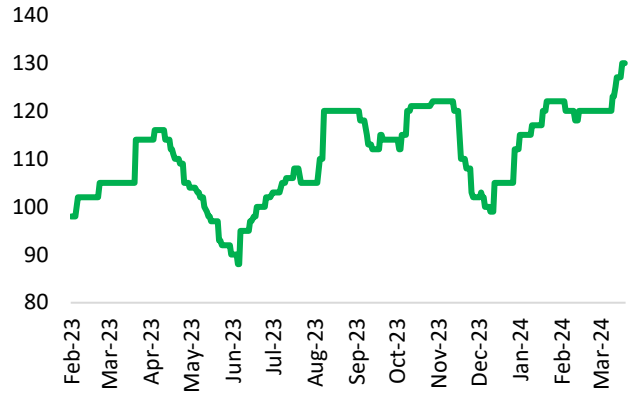
Light Soda Ash - Domestic Intact Mumbai (INR/Kg)



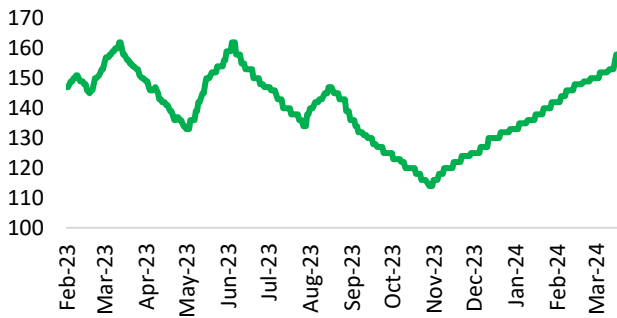
Phenol - Domestic Intact (INR/Kg)



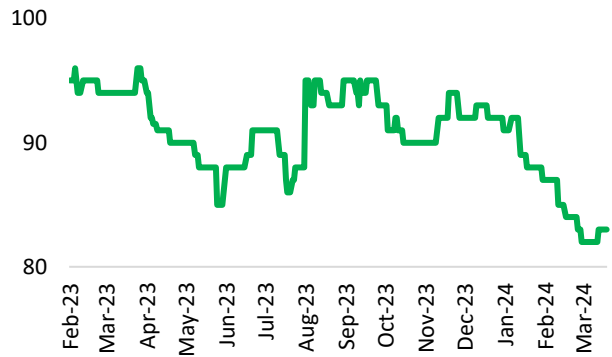
Acetone - Mumbai Domestic Intact (INR/Kg)



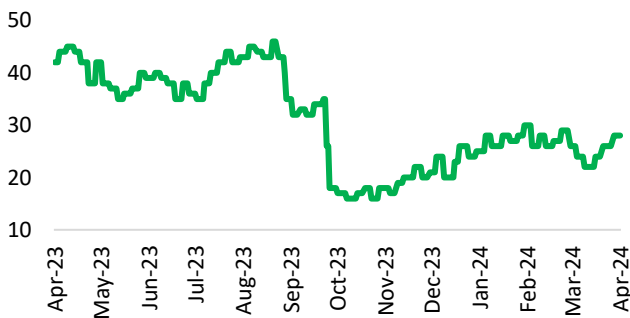
Palm Kernel Oil - Mumbai Domestic Intact (INR/Kg)



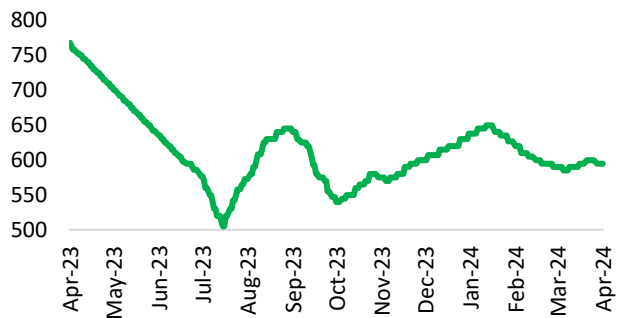
Ethyl Acetate - Mumbai (INR/Kg)



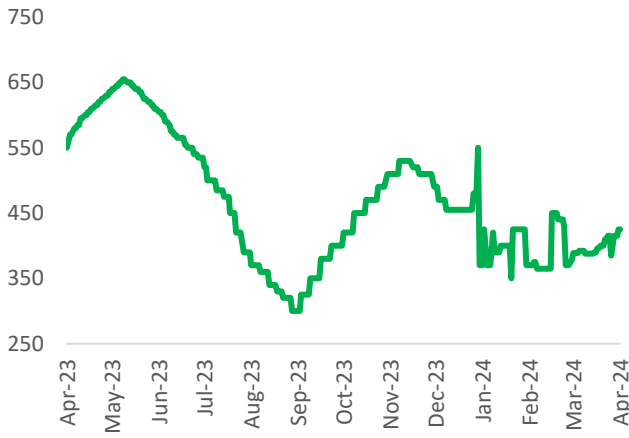
Ammonia - Ahmedabad Domestic Intact (INR/Kg)



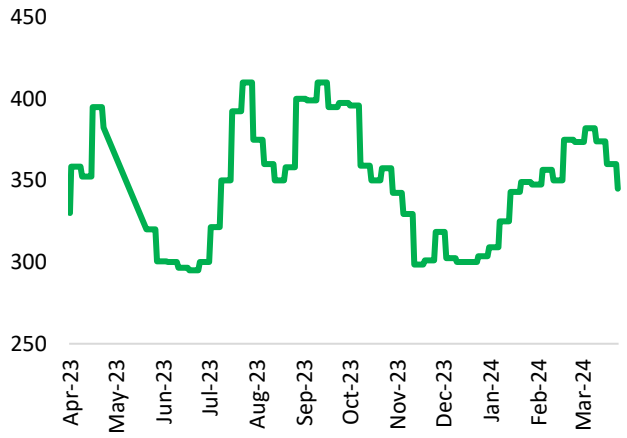
Glyphosate - Mumbai Domestic Intact (INR/Kg)



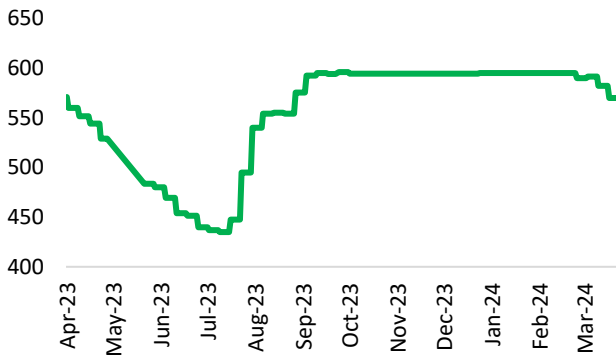
R32 - Mumbai Imported Intact (INR/Kg)



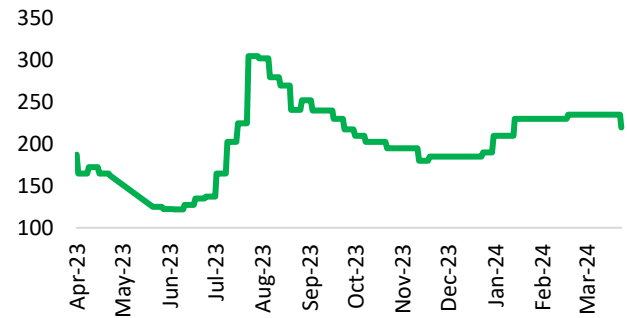
Granular Urea - US Gulf (USD/MT)



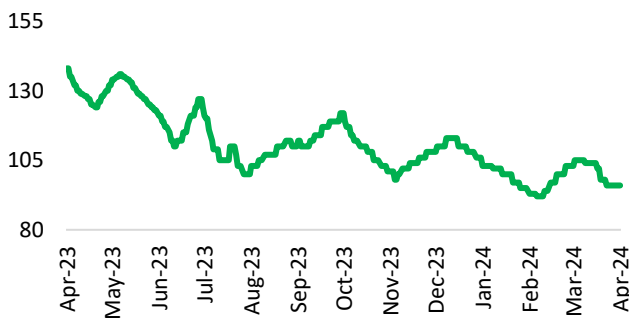
DAP - Imported (USD/MT)



Ammonium Nitrate - Imported Baltic (USD/MT)



Phosphoric Acid - Mumbai Imported Intact (INR/Kg)



Arihant Research DeskEmail: research@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	Arihant House E-5 Ratlam Kothi Indore - 452003, (M.P.) Tel: (91-731) 3016100 Fax: (91-731) 3016199

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	research@arihantcapital.com

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Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880