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# Fertilizer prices stabilize amid lower input costs and trade shifts

JOHN BAFFES & KALTRINA TEMAJ | JANUARY 15, 2025

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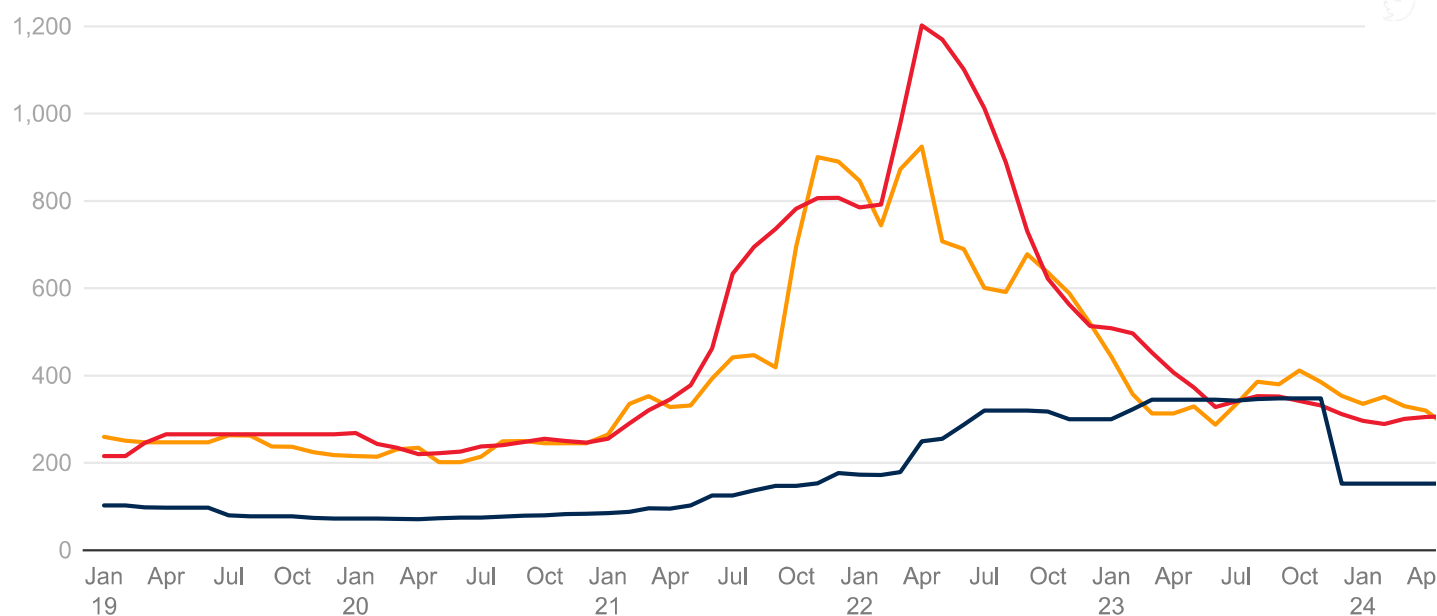
This blog post is part of a special series based on the October 2024 **Commodity Markets Outlook**, a flagship report published by the World Bank. This series features concise summaries of commodity-specific sections extracted from the report. [Explore the full report here.](#)

The World Bank's fertilizer price index remained relatively stable during the fourth quarter of 2024, increasing by about 1 percent compared to the third quarter (q/q) but falling more than 17 percent year-over-year. Fertilizer prices have been moderated by ample supplies and stable energy prices despite some trade restrictions. The index is projected to decline further in 2025 before stabilizing in 2026; however, it is expected to remain above 2015–19 levels due to robust demand and export restrictions, particularly from China. Upside risks to this outlook include higher input costs, especially for natural gas, while a resumption of China's exports could contribute to lower prices.

## Fertilizer prices

US\$/mt

— Phosphate rock — Potassium — Urea



Note: mt = metric ton. Last observation is December 2024.

Source: Bloomberg; World Bank. • [Embed this chart](#) • [Download image](#)

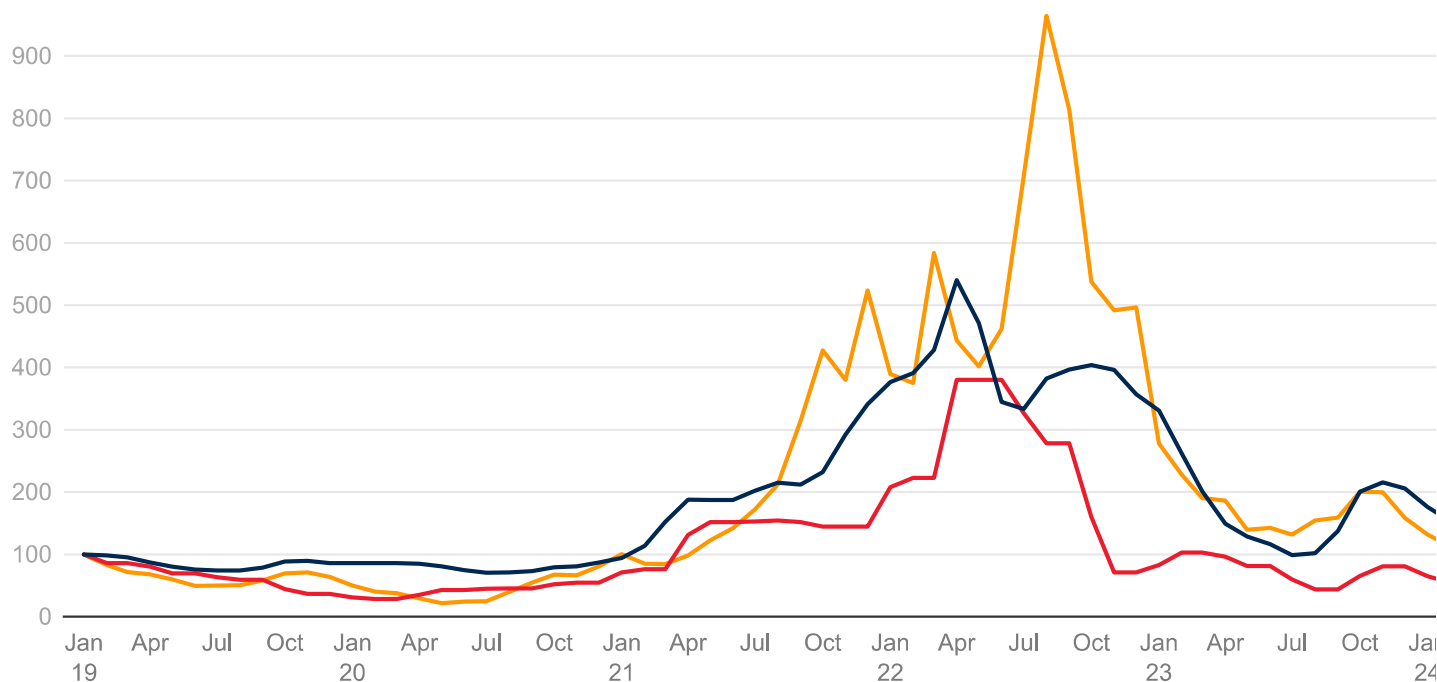
**Fertilizer input costs have declined significantly.** Inputs to fertilizer production, which saw substantial price drops from their 2022-23 peaks, have been remarkably stable during the past few quarters. Global consumption rose moderately in the first half of 2024—following a sharp contraction last year—driven by these lower prices.

However, the global market has faced challenges due to production shortfalls in countries such as the Arab Republic of Egypt, where declining domestic natural gas output has hindered production, and reduced exports from major producers like China. Global fertilizer production, particularly urea, is expected to grow in the medium term, with much of the new capacity concentrated in East Asia and the Middle East.

## Fertilizer input costs

Index, 100 = Jan 2019

— Tampa ammonia cfr — Tampa liquid sulfur fob — Europe natural gas

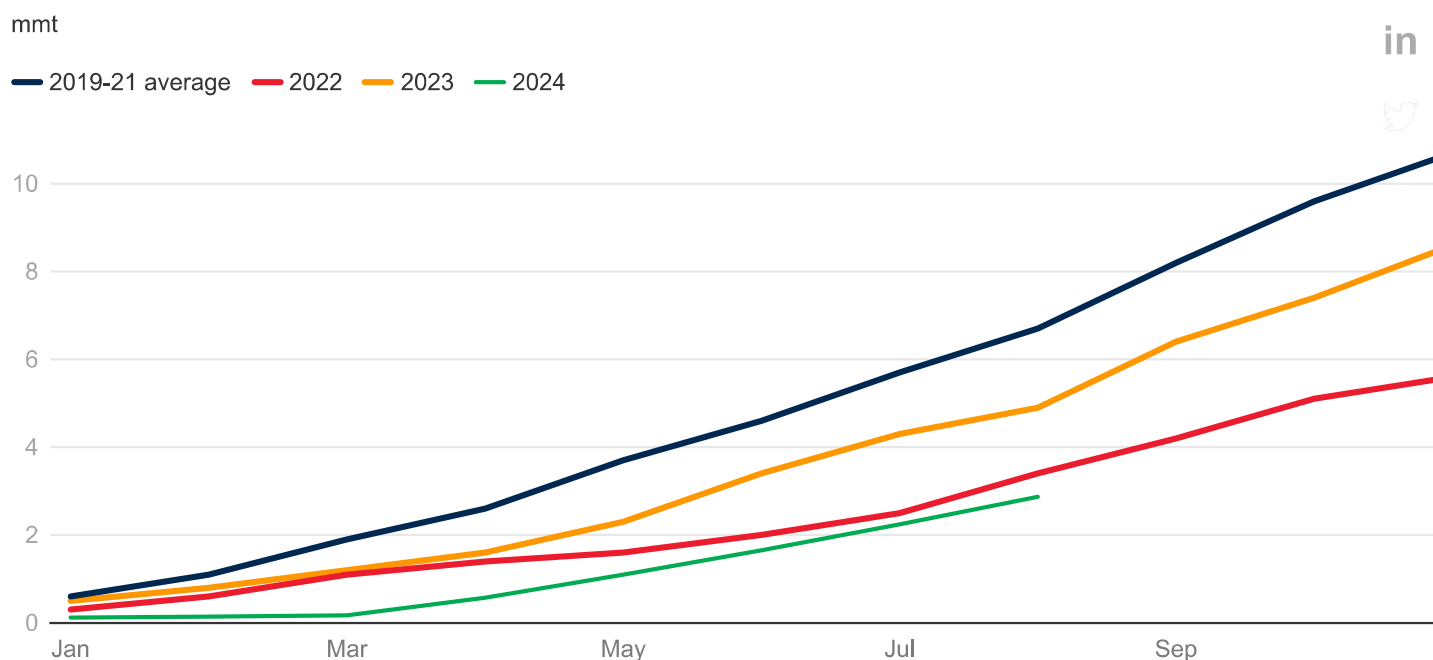


Note: cfr = cost and freight; fob = free on board. Last observation is December 2024.

Source: Bloomberg; World Bank. • [Embed this chart](#) • [Download image](#)

**Trade policies have significantly reshaped global fertilizer markets.** China's phosphate exports dropped by 60 percent during the first half of 2024, compared to the same period last year, while urea exports fell around 90 percent in response to government policies to keep domestic prices low. Despite sanctions, Belarus and Russia—major potassium producers—have maintained strong exports through trade diversions, with Russia increasing potash shipments by approximately two thirds in during the first half of 2024. European markets, facing reduced imports from China and Russia, have turned to higher-cost suppliers such as Egypt, Morocco, Saudi Arabia, and the United States. These shifts underscore the growing impact of geopolitical and policy factors on global fertilizer trade flows.

## Cumulative fertilizer exports from China



*Note: mmt = millions of metric tons; Cumulative exports of DAP and Urea, averaged over months for 2019-2021 (blue line), 2022 (red line), 2023 (orange line) and 2024 (green line).*

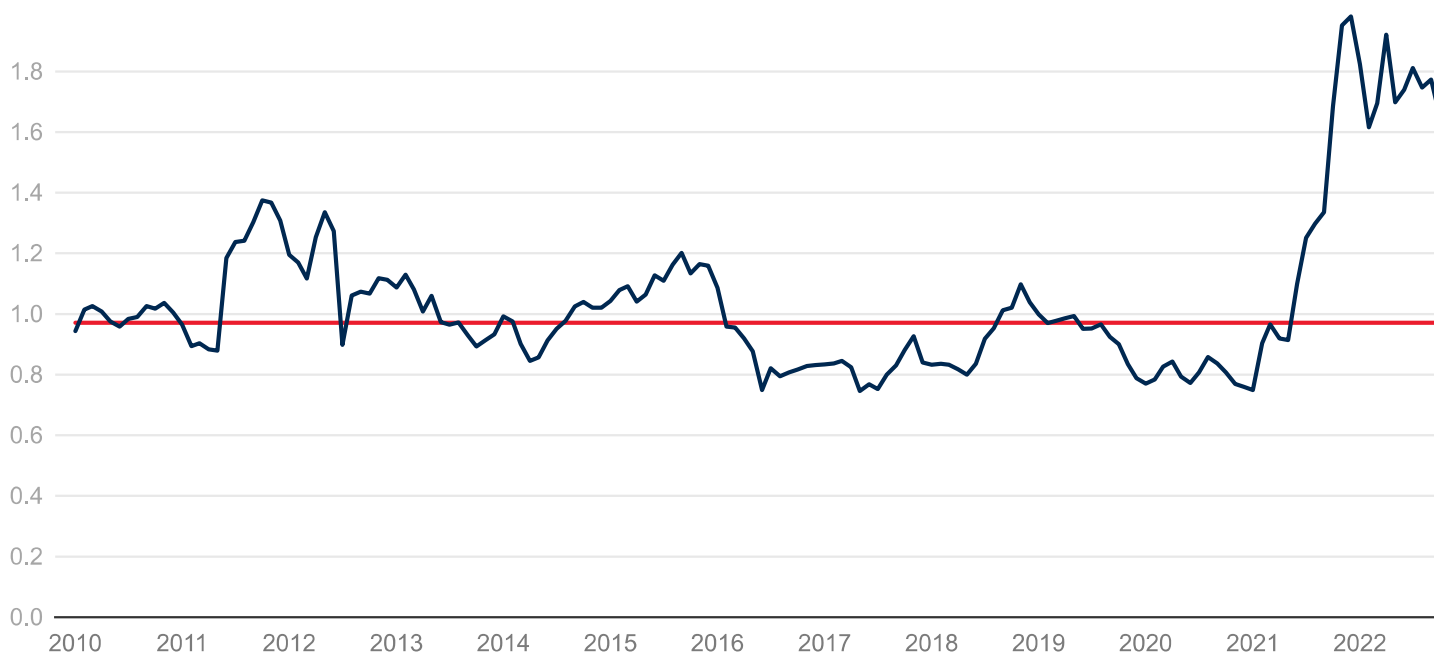
Source: General Administration of Customs of the People's Republic of China; World Bank. • [Embed this chart](#) • [Download image](#)

**Fertilizer affordability has returned to its pre-pandemic average.** Stabilizing fertilizer prices in recent quarters have brought the ratio of fertilizer prices to food prices—a rough measure of fertilizer affordability—closer to its long-term average. The index, which spiked dramatically in 2022, reflecting severe affordability challenges, has since declined from its peak levels.

# Fertilizer affordability index

Index

— Ratio — 2010-20 average



Note: Ratio of the fertilizer price index to the food price index. Last observation is December 2024.

Source: World Bank. • [Embed this chart](#) • [Download image](#)

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