

Smaller and medium-sized Agrochemical markets were mostly replenishing inventories in 2023_Analysis

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A report summary of Global Major Agrochemical Market Inventory Survey



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An "inventory survey", investigating the global major agrochemical markets's inventory status in 2023 has been published by the leading Agropages, with the purpose of make a clearer situation judgment in the critical period of recent months, through the inventory levels, stocked products, procurement plans and supply shortages in the major agrochemical markets.

Soaring or falling prices of bulk agri-inputs in the short term is not conducive to ensuring the stability of agricultural production. "Inventory" is undoubtedly one of the key factors affecting the market trend price fluctuations this year, and the speed of inventory reduction will also affect the market trend in the rest of this year and next year.

The samples are distributed in different countries from Europe, North America, Latin America, Asia to Africa, covering upstream and downstream enterprises such as manufacturers, trading companies, wholesalers, distributors, retailers and large growers. The product categories cover herbicides, fungicides, Insecticides, fertilizers and other types.

Moving forward to interpret the key inventory survey findings and connect the points behind the data. For example, higher inventory levels directly pressing on trading companies and wholesalers reflect market dynamics. Such contextual analysis intends to reveal the cause-effect relations and empower agribusinesses to navigate effectively, especially trading companies and manufacturers of overstocked herbicides facing current acute pressures. By logically considering through survey quantification, this report aims for readers to obtain an understanding of the global agrochemical market for critical decision-making.

The comparison of inventory rate in different regions

The data shows that Latin America and Asia (excluding China & India) facing greater inventory pressure with higher average inventory rates of 40-50% , while Southeast Asia, India, and Africa are around 30-40% on average currently. US and European respondents reported lower average inventory rates under 30%.

Overstocked status

The survey responses indicate the most overstocked agrochemical categories presently are herbicides and insecticides. Looking at the specific products, Glyphosate, Azoxystrobin and Abamectin have the highest number of mentions for being in excess.

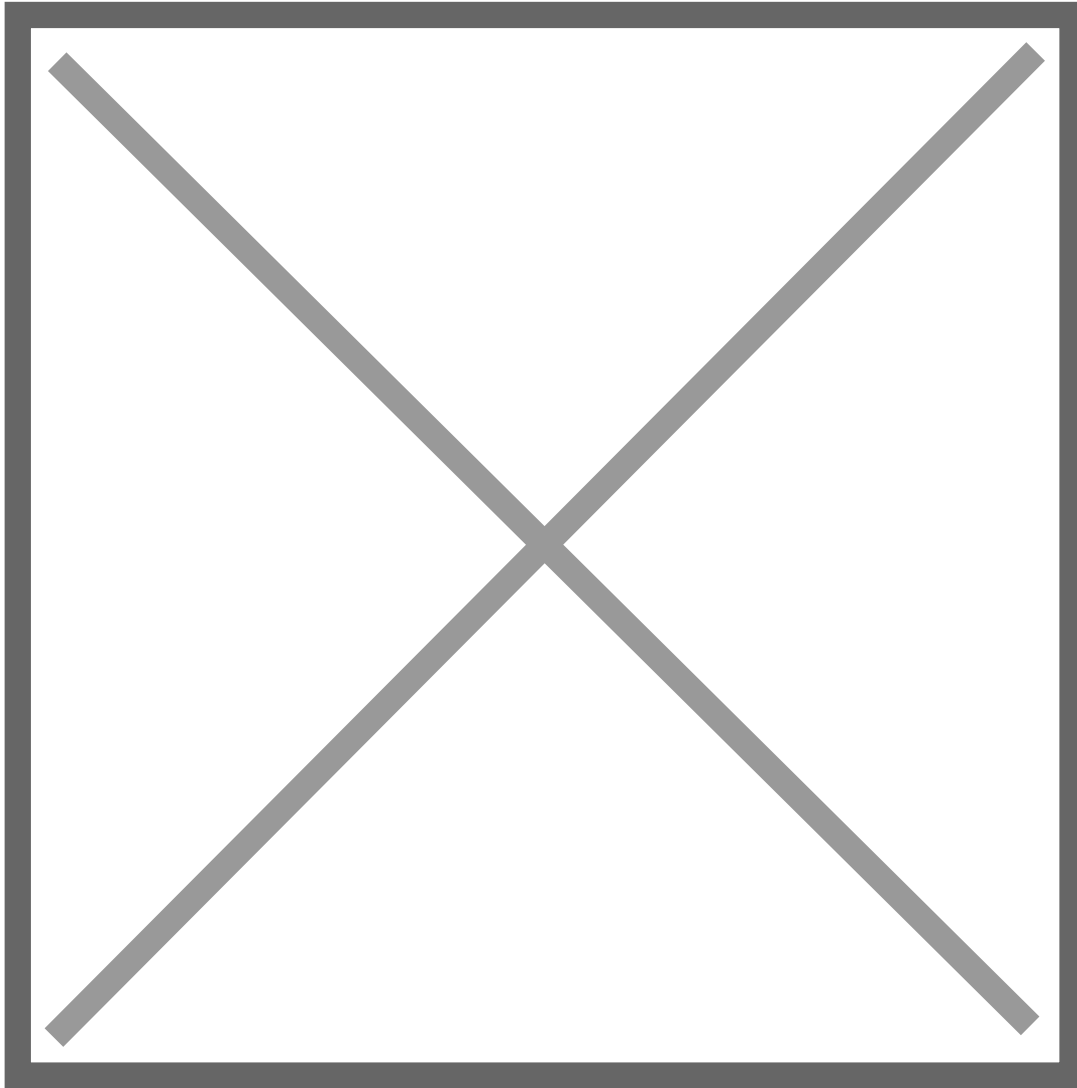
Inventory rates of different industry players

Comparing the average inventory rate of different samplesâ?? positions in the agrochemical industry, the Trading companies carry the highest at 47%, then Manufacturers and Wholesalers both at 38%. Trading companies and Wholesalers play a vital role linking upstream production to downstream markets; Keeping inventory levels in moderation to support sales but not tie up too much working capital is an ongoing balancing act for Trading companies and Wholesalers in agricultural inputs. However, there is also large gap between the maximum and minimum inventory level among companies in the same segments.

Overview of Regional Procurement Plans

The survey highlights that most companies in Latin America, Southeast Asia and India plan purchases on an as-needed basis for advance replenishing to meet in-season demand rather than pre-stocking excess volumes this year. There might be some procurement concentrated in Q1 2024, especially from February to March.Â

In summary, the overall inventory level is high this year; The stocked products are mainly herbicides, insecticides and fungicides. This year may only be a stage of replenishment, concentrated procurement is not expected for the rest of 2023.



In comparison, companies in Asia and Latin America are more optimistic with relatively proactive procurement plans, expecting gradual improvement from February to March 2024. Those in North America and Europe are recovering slower due to inflation.

Entering 2024, the agricultural market is expected to restore gradually, driving agrochemical procurement recover to help reduce inventories. This suggests potential geographic, supply chain, or temporal mismatches between inventory buildups and agricultural demand