

Ammonia Report

Weekly review of the ammonia market

26 May 2016

- Yara and Mosaic settle the contract price for June deliveries into Tampa at \$315 cfr, \$5 down from May
- LFC announces a purchase of 23,000 t from a trader at \$364.70 cfr for delivery to Ulsan at the end of July
- LSB Industries' new El Dorado ammonia plant in the United States begins operations
- Iowa Fertilizer Company ammonia plant to start production in September/October
- Combination of CF Industries with OCI's European, North American and Global Distribution businesses terminated

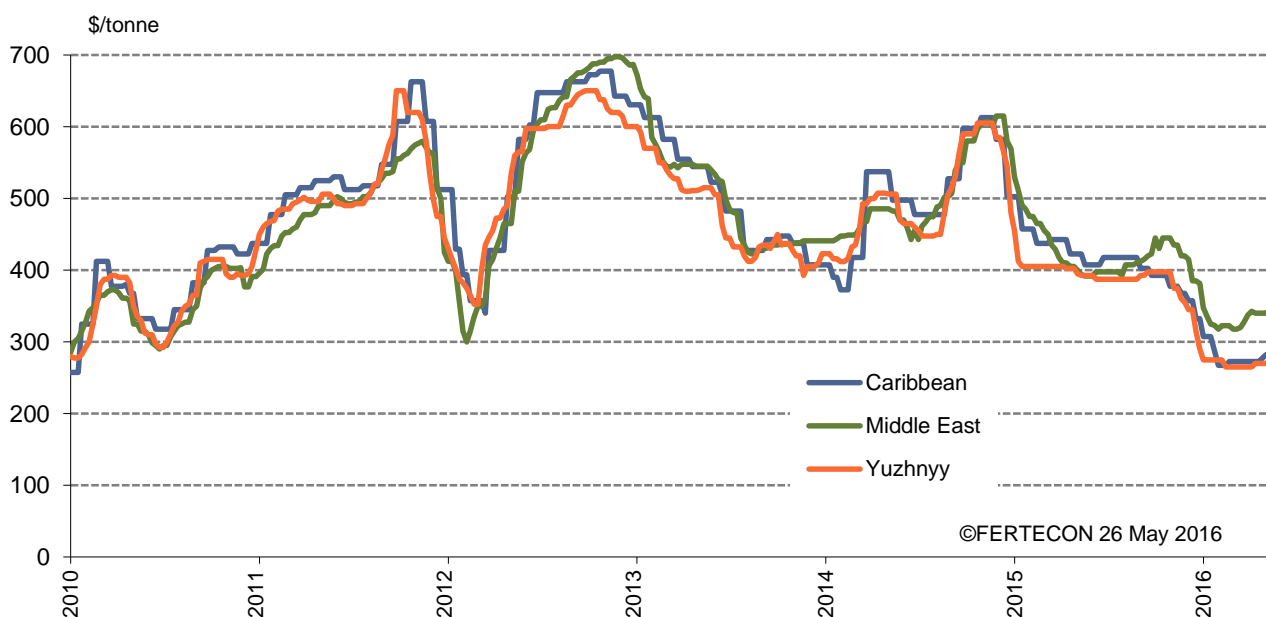
OUTLOOK

Uncertain due to continuously tight supply in parts of the market while first weakening signals reported in the US and Asia.

KEY PRICES

	26 May	19 May	12 May
Yuzhnyy fob \$/t	280-290*	280-290*	270-280*
Middle East fob \$/t	335-355*	335-355*	335-355*
Tampa/US Gulf cfr \$/t	315-325**	320-325	320-325

AMMONIA PRICES



Fertecon's ammonia prices are available to analyse and download immediately after publishing [via this link](#).

AMMONIA PRICE INDICATIONS ALL PRICES IN US\$

	26 May	19 May	12 May
Fob prices			
Caribbean	275-285**	280-285	280-285
Middle East	335-355*	335-355*	335-355*
<i>Of which:</i>			
- Netbacks on contract/formula-priced sales	335-345*	335-345*	335-345*
- Spot fob	350-355	350-355	350-355
Yuzhnyy/FSU fob	280-290*	280-290*	270-280*
Baltic/FSU	290-300*	290-300*	280-290*
Southeast Asia	335-350	335-350	340-355
Delivered prices			
NW Europe (duty paid/duty free) *	359-375	359-375	349-364
NW Europe (duty unpaid) *	340-355	340-355	330-345
Far East	365-400	370-400	370-405
India	365-395	365-395	365-395
US Gulf/Tampa	315-325**	320-325	320-325
- Tampa	315-320**	320	320
- US Gulf (MS, LA, TX)	320-325**	325	325
<p align="center">FERTECON PRICE DEFINITION</p> <p>Prices, rounded to the nearest US\$, represent the last known spot and contract business and current indications, for 4-40,000 t cargoes, net of credit. * nominal; n.m. – no market; ^corrected; **low end refers to June price, high end refers to May price</p> <p>The full history of Fertecon's ammonia prices is available to view and download by clicking here.</p>			

FREIGHT INDICATIONS US\$/TONNE (RATES BASIS 1-1 UNLESS STATED)

Route	Cargo size (t)	Latest rate
Caribbean –Tampa/USG	23,500	38-42
Baltic (Ventspils) – Antwerp/Belgium	23,500	23-25
Baltic (Ventspils) – NW Europe (France)	8-15,000	42-45
Black Sea–NW Europe (excl Scandinavia)	12-15,000	75-80
Black Sea – Antwerp/Belgium	23,500	60-65
Black Sea - Morocco	23,500	42-45
Black Sea – US (1-1 Tampa)	40,000	60-65
Black Sea – US (2-3 USG)	40,000	70-75
Middle East – India (1 port W. Coast)	23,500	25-30
Middle East – India (2-3 ports W. Coast)	15,000	40-45
Middle East – India (1 port E. Coast)	15,000	50-65
Middle East – India (1 port E. Coast)	23,500	45-55
Middle East - Far East (Taiwan)	23,500	70-75
Middle East – Far East (South Korea)	23,500	75-85
Indonesia – Taiwan	15-20,000	40-45

ANALYSIS

International ammonia market was relatively quiet this week with the main news coming from the **United States** where the June Tampa price has been settled between Yara and Mosaic at \$315 cfr, \$5 below the previous settlement of \$320 cfr for May. This lower settlement suggests that the upward trend in recent ammonia prices is likely to reverse and the seasonal weakening, which usually takes place during the summer months, is slowly approaching. Elsewhere in the United States, an additional ammonia capacity at the LSB Industries' new El Dorado plant began operations with expectations that ammonia will start being sold into the pipeline by the end of May and full capacity should be reached by the beginning of Q3.

Slightly lower values have also been reported in **Asia**, where LFC (formerly SFC) announced a new spot purchase of 23,000 t from a trader at \$364.70 cfr Ulsan, South Korea for delivery at the end of July. This is around \$5 below our last week's cfr Far East indication and the overall cfr Far East price range is assessed to be \$365-400 cfr this week.

At the same time, the **Middle East**, the **Black Sea** and the **Baltic** markets remain tight and stable for the time being although no new business has been confirmed with just rumours of a part cargo of Black Sea ammonia sale to a trader at a market price but details of the supposed transaction are scarce. In the Baltic, Uralchem will start taking summer rolling turnarounds at the end of May on all plants which will last 2-3 months. Elsewhere in Russia, the previously reported turnaround at Novomoskovsk will start in June with one of the ammonia plants and will continue through to August taking down AN, UAN and urea in turn.

The short-term outlook is somewhat uncertain. On one hand, tight supply in the FSU region, Middle East and uncertainty over exports of ammonia from the Fertial plant in Algeria continue and these markets remain stable to slightly-firmer. On the other hand, first signs of gentle price softening became apparent with the \$5 decrease in the Tampa price and lower value sale reported in South Korea.

SUPPLIERS

FSU

BLACK SEA: There has been no new confirmed business in the Black Sea this week although there were reports that a trader may have purchased a part cargo of around 6,000 t of Black Sea ammonia for June loading at a market price. However, this could not have been verified at the time of publication.

Five ammonia lines continue to run at the TogliattiAzot plant and Ameropa is expecting to load 160-170,000 t ammonia out of Yuzhnyy in June.

Ameropa loaded a full cargo on the *Gas Cobia* for Antwerp, Belgium on 24-25 May and the next to load is the *Gas Manta* which will be destined for Turkey.

The last vessel to load in May will be Trammo's *Navigator Grace* but the destination could not be confirmed as yet.

In June, Ameropa will load the *Clipper Odin* early in the month for delivery to India.

Thereafter the *Gas Snapper* and the *Gas Manta* will load 23,400 t each in the first half of the month and the 40,000 t *Clipper Mars* is expected back from India to reload around mid-June, also for delivery to India.

The known ammonia vessel line-up for May and June so far is tabulated below.

Vessel	Trader	'000 t	Destination	Load date
APRIL		205.5		
MAY		228.7		
<i>Navigator Grace</i>	Trammo	15	Turkey (Korfez) & Israel (Haifa)	30 April – 1 May
<i>Clipper Mars</i>	Ameropa	40	EC India (Paradeep)	5-6 May
<i>Clipper Odin</i>	Ameropa	25	Tunisia (Gabes)	10-11 May
<i>Sylvie</i>	Trammo	23.5	Morocco (Jorf Lasfar)	13-15 May
<i>Navigator Grace</i>	Trammo	15	Turkey (Mersin & Ceyhan)	14-15 May
<i>Gas Grouper</i>	Ameropa	23.4	Belgium (Antwerp)	16-17 May

<i>Solaro</i>	Ameropa	25	Morocco (Jorf Lasfar)	19-20 May
<i>Gas Cobia</i>	Ameropa	23.4	Belgium (Antwerp)	24-25 May
<i>Gas Manta</i>	Ameropa	23.4	Turkey (Bandirma)	27-28 May
<i>Navigator Grace</i>	Trammo	15	TBC	27-30 May
JUNE		150.3		
<i>Clipper Odin</i>	Ameropa	25	India (Kandla)	Early June
<i>Sylvie</i>	Trammo	23.5	TBC	2 June
<i>TBC</i>	Trammo	15	TBC	June
<i>Gas Snapper</i>	Ameropa	23.4	TBC	1-half June
<i>Gas Manta</i>	Ameropa	23.4	TBC	1-half June
<i>Clipper Mars</i>	Ameropa	40	India	Mid-June

BALTIC: There has been no new known business concluded in the Baltic this week either and prices are assessed as stable at an indicative range of \$290-300 fob.

Uralchem will start taking summer turnarounds at the end of May on all plants, ammonia and downstream, that will continue for 2-3 months.

Known loadings out of the Baltic ports for May and June so far are tabulated here:

Vessel	Trader	'000 t	Destination	Load date
APRIL		68		
MAY		51		
<i>Coral Ivory</i>	Yara	4	Sweden (Köping)	30 April – 1 May (Ventspils)
<i>Coral Ivory</i>	Yara	4	Germany (Rostock)	7-8 May (Ventspils)
<i>Coral Ivory</i>	Yara	4	Sweden (Köping)	11 May (Ventspils)
<i>Coral Ivory</i>	Yara	4	Germany (Rostock)	17-18 May (Ventspils)
<i>Temse</i>	Yara	8	Germany (Rostock)	19-20 May (Ventspils)
<i>Brussels</i>	Trammo	23	Belgium (Antwerp)	19-21 May (Ventspils)
<i>Coral Ivory</i>	Yara	4	Sweden (Köping)	25 May (Ventspils)

RUSSIA: The turnaround at **Novomoskovsk** will start in June with one of the ammonia plants and will continue through to August taking down AN, UAN and urea in turn.

EUROPE

POLAND: Yara lifted 4,000 t on the *Coral Ivory* from the **Police** plant on 20 May for delivery to Köping, Sweden.

UNITED KINGDOM: Ammonia plant at Hull is thought to have restarted after the recent maintenance turnaround and Yara's vessel, the *Temse* is expected to arrive around 28 May for loading.

Vessel	Trader	'000 t	Destination	Load date
APRIL		18		
MAY		8		
<i>Temse</i>	Yara	8	TBC	28 May (Hull)

CARIBBEAN

TRINIDAD: The Ministry of Energy and Energy Affairs of Trinidad and Tobago has published March 2016 production and export data for ammonia.

The monthly **ammonia production** for March reached 502,400 t up by 57,900 t or 13% m-o-m from 444,500 t in February. This brought the total Q1 2016 production to 1.37 million t, 41,100 t or 3.1% up y-o-y from 1.33 million t in Q1 2015.

The monthly **ammonia exports** from Trinidad in March reached 395,000 t, down by 11,500 t or 2.8% m-o-m from 406,500 t shipped in February. However, monthly exports were up year-on-year, with March 2016 export figure higher by 22,900 t or 6.1% when compared against 372,100 t shipped during March 2015. This brought the total export figure for Q1 2016 to 1.28 million t, posting an increase of 105,500 t or 9.0% y-o-y from 1.18 million t shipped during the same time last year.

The known vessel line-up for lifting out of Point Lisas in May and June so far is tabulated below.

Vessel	'000 t	Destination	Load date
APRIL	378.7		
MAY	404.9		
<i>Marola</i>	24.8	United States (Tampa)	1-3 May
<i>Sombeke</i>	25.4	Belgium (Antwerp)	3-4 May
<i>Almajedah</i>	15.4	Brazil (Santos)	3-4 May
<i>Libramont</i>	25.4	United States (Freeport, Pascagoula & Houston)	3-5 May
<i>Touraine</i>	25	United States (Waggaman & Pascagoula)	6-7 May
<i>Navigator Galaxy</i>	15	United States (Taft)	6-7 May
<i>Clipper Neptun</i>	40	United States (Tampa)	9-10 May
<i>Kaprijke</i>	25	United States (Freeport & Houston) & Colombia (Barranquilla)	11-13 May
<i>Clipper Venus</i>	40	United States (Point Comfort)	15-16 May
<i>Marola</i>	24.8	United States (Tampa)	15-16 May
<i>Clipper Sky</i>	40	Mexico	16-17 May
<i>Navigator Galaxy</i>	15	United States (NOLA)	21-22 May
<i>Libramont</i>	25.4	United States (Freeport)	24-25 May
<i>Sanko Independence</i>	23.5	TBC	25-26 May
<i>Almajedah</i>	15.4	TBC	25-26 May
<i>Marola</i>	24.8	TBC	29 May
JUNE	25.4		
<i>Sombeke</i>	25.4	TBC	1 June

AFRICA

ALGERIA: Fertilberia's vessel, the *Andesgas* arrived at Arzew on 24 May and is waiting to load from the **Fertial** plant.

Koch's vessel, the 40,000 t ammonia capacity *Clipper Neptun* is heading for Arzew with an eta 30 May for loading in early June from the **Sorfert** plant. The next vessel to arrive at Arzew to load from Sorfert will be the *Wilhelm Schulte*.

The latest known line-up for ammonia loading from Fertial and Sorfert plants is below.

ALGERIA: 2016 AMMONIA EXPORT SHIPMENTS					
Vessel	Supplier	'000 t	Destination	Load Port	Load Date
APRIL		129.9			
MAY		115.3			
<i>Pertusola</i>	Sorfert	6.5	Italy (Ravenna)/Yara	Arzew	6-7 May
<i>Brussels</i>	Sorfert	23.5	Morocco (Jorf Lasfar)/Trammo	Arzew	7-9 May
<i>Andesgas</i>	Fertial	10	Spain (Aviles) & Portugal (Lisbon)/Fertilberia	Annaba	8-10 May
<i>Queen Isabella</i>	Fertial	7	Spain (Sagunto)/Fertilberia	Arzew	9-10 May
<i>Queen Isabella</i>	Fertial	7	Spain (Castellon)/Fertilberia	Annaba	14 May
<i>Marycam Swan</i>	Sorfert	9	Turkey (Mersin) & Israel (Haifa)/Trammo	Arzew	18-19 May
<i>Pertusola</i>	Sorfert	11.8	France (Ambes)/Yara	Arzew	18-19 May

<i>Brussels</i>	Sorfert	23.5	Belgium (Brussels)/Trammo	Arzew	19-21 May
<i>Queen Isabella</i>	Fertial	7	Spain (Sagunto)/Fertiberia	Arzew	22-23 May
<i>Andesgas</i>	Fertial	10	TBC	Arzew	Arr 24 May, waiting to load
JUNE		51			
<i>Clipper Neptun</i>	Sorfert	40	TBC/Koch	Arzew	Early June
<i>Wilhelm Schulte</i>	Sorfert	11	TBC/OCI	Arzew	Early June

MIDDLE EAST

IRAN: The *Gas Line* has arrived at **BIK** yesterday, 25 May to load 15,000 t ammonia for CIFIC's delivery to PPL at Paradeep, east coast India.

QATAR: The *Almarona* is expected back at Mesaieed to load for **Muntajat** around 28 May.

The *Gas Columbia* is now expected to be back at Mesaieed for loading around 1 June.

SAUDI ARABIA: **Sabic** reports no new ammonia business concluded this week.

It is understood that the *Rose Gas*, which is presently loading from Al Jubail, will deliver 15,000 t to GSFC at Sikka and 6,000 t to Deepak Fertilisers at the JNPT terminal in Mumbai in the first week of June.

The *SCF Tomsk* arrived at Ras al Khair yesterday, 25 May, to load part cargo for Trammo's delivery to India.

The latest Middle East line-up is tabulated below.

Vessel	Supplier/Origin	'000 t	Destination	Price \$/t	Load date
APRIL		173.5			
MAY		188.3			
<i>Al Jabirah</i>	Sabic/S.A. (Al Jubail)	23.4	Taiwan (Taichung)	I-t contract	2-3 May
<i>Everrich 6</i>	Transagri/ex-Iran (Assaluyeh)	5.4	WC India: Deepak Fertilisers/JNPT-Mumbai	n/a	3-4 May
<i>Gas Cat</i>	Raintrade/Iran (BIK)	18.5	EC India: CIL/Kakinada & Vizag	n/a	3-6 May
<i>Rose Gas</i>	Sabic/S.A. (Al Jubail)	23	WC India: GSFC/Sikka (12)	Part cargo \$380 cfr?	6-7 May
<i>Almarona</i>	Muntajat/Qatar (7) & S.A. (Al Jubail – 8 – swap with Trammo)	15	WC India: Hindalco/Dahej, Zuari/Goa & MCFL/Mangalore	I-t contract	10-11 May
<i>Al Barrah</i>	Sabic/S.A. (RAK)	23	South Korea (Ulsan)	I-t contract	13-15 May
<i>Everrich 6</i>	Transagri/ex-Iran (Assaluyeh)	6	WC India: FACT/Cochin	\$395 cfr	18-19 May
<i>Gas Line</i>	CIFIC-Raintrade/Iran (BIK)	15	EC India: PPL/Paradeep	n/a	25-26 May
<i>Rose Gas</i>	Sabic/S.A. (Al Jubail)	21	WC India: GSFC/Sikka (15) & Deepak Fert/Mumbai (6)	n/a	25-26 May
<i>SCF Tomsk</i>	Trammo/ex-Oman (13) & S.A. (RAK-10)	23	WC India: Iffco/Kandla	\$355	25-27 May
<i>Almarona</i>	Muntajat/Qatar	15	EC India	I-t contract	28 May
JUNE		23			
<i>Gas Columbia</i>	Muntajat/Qatar	23	WC & EC India	I-t contract	1 June

RAK = Ras Al Khair, S.A. = Saudi Arabia

ASIA/OCEANIA

AUSTRALIA: The *Viking River* is back at Dampier today, 26 May for loading after discharging previous cargo domestically at Kwinana.

The *Nordic River* is expected back to re-load around 30 May.

The recent known ammonia loadings are tabulated below:

AUSTRALIA: 2016 AMMONIA SHIPMENTS			
Vessel	'000 t	Destination/Supplier	Load Date/Port
APRIL	62		
MAY	100		
<i>Nordic River</i>	25	Taiwan (Taichung) & S. Korea (Yosu)/Yara	5-6 May (Dampier)
<i>Viking River</i>	25	Kwinana (domestic)/Yara	18-19 May (Dampier)
<i>Viking River</i>	25	TBC/Yara	26 May (Dampier)
<i>Nordic River</i>	25	TBC/Yara	30 May (Dampier)

INDONESIA: The *Gaz Millennium* loaded for Mitsui on 22-24 May in Bontang for delivery to Taiwan.

The *Gaz Serenity* loaded for Mitsui on 23-25 May for delivery to China and Japan.

The *SCF Tobolsk* arrived at Bontang on 23 May and is waiting to load for Trammo.

The *Gaschem Dollart* arrived at Palembang today, 26 May, to load a small cargo from the Pusri plant for Mitsui.

The ammonia vessel line-up for May and June so far is tabulated below.

INDONESIA: 2016 AMMONIA EXPORT SHIPMENTS			
Vessel	'000 t	Destination/Supplier	Load Date/Port
APRIL	119.5		
MAY	156.4		
<i>Gas Quantum</i>	22.8	EC India (PPL/Paradeep -14.5) & WC India (JNPT/Mumbai – 8.2)/Mitsui	30 April – 1 May (Bontang)
<i>Gaz Serenity</i>	15	Japan/Mitsui	1-3 May (Bontang)
<i>SCF Tobolsk</i>	22	S. Korea (Ulsan – 15 & Incheon - 7)/Trammo	3-5 May (Bontang)
<i>Gaz Millennium</i>	15	Thailand (Rayong)/Mitsui	9-10 May (Bontang)
<i>Gaschem Dollart</i>	2.3	Vietnam (Vung Tau)/Mitsui	14-16 May (Palembang)
<i>Sanko Innovator</i>	23.5	China (Caojing)/Trammo	18-20 May (Bontang)
<i>Gaz Millennium</i>	15	Taiwan (Taichung)/Mitsui	22-24 May (Bontang)
<i>Gaz Serenity</i>	15	China & Japan/Mitsui	23-25 May (Bontang)
<i>SCF Tobolsk</i>	23.5	TBC/Trammo	Arrived 23 May, waiting to load (Bontang)
<i>Gaschem Dollart</i>	2.3	TBC/Mitsui	26 May (Palembang)

MALAYSIA: The *Bunga Kemboja*, which loaded in Kerteh on 18-19 May, discharged ammonia in Thailand and it is assumed she will return to Kerteh for loading soon.

The latest ammonia loading schedule for Malaysian ports is below.

MALAYSIA: 2016 AMMONIA EXPORT SHIPMENTS

Vessel	'000 t	Destination/Supplier	Load Date/Port
APRIL	33		
MAY	33		
<i>Bunga Kemboja</i>	16.5	Thailand (Map Ta Phut)	18-19 May (Kerteh)
<i>Bunga Kemboja</i>	16.5	TBC	End May (Kerteh)

NORTH AMERICA

UNITED STATES: **LSB Industries Inc** announced that its new 375,000 t/y ammonia plant at its El Dorado, Arkansas facility is operational and ammonia production is now underway. The company expects to be selling ammonia into the pipeline by the end of May. The plant will gradually ramp up production volume over the next two months and is expected to reach full capacity by the beginning of Q3 2016.

As previously stated, LSB expects the total cost of the project to be approximately \$830 million, which is at the low end of its previously articulated range of \$831 million to \$855 million. This includes the ammonia plant and the construction of a new nitric acid plant and concentrator that were completed in 2015.

"We are pleased to have achieved this critical milestone with the start-up of the new ammonia plant at our El Dorado Facility," stated Daniel Greenwell, LSB's Chief Executive Officer. "We believe that the ammonia plant will significantly enhance the financial performance of the El Dorado Facility and have a materially positive impact on LSB's overall performance. We look forward to sharing these results with our shareholders in the upcoming quarters."

OCI reported that **Iowa Fertilizer Company** nitrogen project is in the final stages of construction and is expected to start ammonia production in September/October 2016 with downstream production one or two months later, in time for the fall application season in the United States.

MARKETS

AFRICA

MOROCCO: A stable consumption of around 70,000 t/m of ammonia is expected at the **OCP** facilities during June.

Trammo's vessel, the *Sylvie* discharged a full cargo at Jorf Lasfar around 24-25 May.

The next delivery from Ameropa is expected to arrive from the Black Sea on the *Solaro* around 28 May.

The latest line-up for ammonia deliveries into Jorf Lasfar is below:

MOROCCO: KNOWN 2016 AMMONIA IMPORTS

Vessel	'000 t	Supplier/Origin	Discharge
APRIL	35		
MAY	95.4		
<i>Brussels</i>	23.5	OCP/ex-Yuzhnyy	2-4 May
<i>Brussels</i>	23.5	Trammo/ex-Algeria	11-12 May
<i>Sylvie</i>	23.4	Trammo/ex-Yuzhnyy	24-25 May
<i>Solaro</i>	25	Ameropa/Yuzhnyy	28 May
JUNE	23.4		
<i>TBC</i>	23.4	Ameropa/Yuzhnyy	June

SOUTH AFRICA: According to customs' data there have been no ammonia imports arriving into South Africa in March with the previous arrival of 11,000 t recorded in February.

The total imports for January-March were 20,453 t, which is 2,797 t or 12% lower than the 23,250 t which arrived during the same time last year. (Source: GTIS/South African Revenue Service)

TUNISIA: Ameropa will deliver the next ammonia cargo for **GCT** at Gabes in June.

The latest known ammonia deliveries into Gabes are tabulated below.

TUNISIA: KNOWN 2016 AMMONIA IMPORTS			
Vessel	'000 t	Supplier/Origin	Discharge
APRIL	25		
MAY	25		
<i>Clipper Odin</i>	25	Ameropa/Yuzhnyy	16-19 May
JUNE	23.4		
<i>TBC</i>	23.4	Ameropa/Yuzhnyy	June

EUROPE

BELGIUM: The latest schedule of known ammonia arrivals into Antwerp is tabulated below.

BELGIUM: KNOWN 2016 AMMONIA IMPORTS			
Vessel	'000 t	Supplier/Origin	Discharge
APRIL	103.2		
MAY	118.2		
<i>Wilhelm Schulte</i>	5.5	OCI/ex-Poland	30 April – 1 May
<i>Wilhelm Schulte</i>	9.5	OCI/ex-France	5-6 May
<i>Temse</i>	8	Yara/ex-Baltic	6-7 May
<i>Gas Manta</i>	23.4	Ameropa/Black Sea	9-10 May
<i>Sombeke</i>	25.4	PCS/Trinidad	17-19 May
<i>Brussels</i>	23	Trammo/ex-Algeria	26 May
<i>Gas Grouper</i>	23.4	Ameropa/Black Sea	28 May
JUNE	23.4		
<i>Gas Cobia</i>	23.4	Ameropa/Black Sea	5 June

NORWAY: Monthly ammonia imports into Norway in April were, at 22,987 t down by 15,788 t or 40.7% m-o-m from the March deliveries of 38,775 t. Ammonia delivered in April has been sourced from Libya (14,984 t) and Russia (7,989 t).

This brought the total imports for January-April 2016 to 132,022 t, a small decrease of 3,664 t or around 2.7% y-o-y from 135,686 t imported during the first four months of 2015. (Source: GTIS/Statistics Norway)

SPAIN: Spanish customs' data is published with a substantial delay and only February data has now become available. Monthly ammonia imports in February reached 31,520 t, up by 3,673 t or 13.2% m-o-m from the 27,847 t imported during January.

This brought the total imports for the first two months of 2016 to 59,367 t, down by 10,597 t or 15.2% y-o-y from 69,964 t which arrived during the same period of 2015. (Source: GTIS/Eurostat)

ASIA/OCEANIA

CHINA: According to customs' data, imports of ammonia into China in April were, at 39,652 t, slightly down by 1,392 t or 3.4% month-on-month from 41,044 t discharged in March.

However, at 154,374 t, the total imports for January-April are up significantly year-on-year with a 53,461 t or nearly 53% uplift from 100,913 t during the first four months of 2015. Ammonia arrivals in April were largely sourced from Saudi Arabia (27,266 t) and Australia (12,339 t) (Source: GTIS/China Customs)

INDIA: West Coast – Transagri's vessel, the *Everrich 6* will deliver 6,000 t ammonia to **FACT** at Cochin on 26 May to cover FACT's tender award of 2 May at mid-\$390 cfr.

Trammo's vessel the *SCF Tomsk* will deliver 23,400 t ammonia to **Iffco** at Kandla on 31 May.

Iffco will receive around 23,000 t ammonia on the *Clipper Odin* at Kandla during the second or third week of June. The vessel is operated by Ameropa and the cargo originates from Yuzhnyy but it is understood that Fertrade was involved in a supply arrangement of this cargo.

Sabic's vessel, the *Rose Gas* will deliver around 15,000 t to **GSFC** at Sikka and 6,000 t to **Deepak Fertilisers** at the JNPT terminal in Mumbai during the first week of June.

East Coast – Muntajat's vessel, the *Gas Columbia* delivered 6,453 t to **Greenstar** at Tuticorin on 19 May.

The *Gas Line* will deliver around 15,000 t of Iranian ammonia from CIFC to **PPL** at Paradeep during the first week of June.

The latest known ammonia arrivals list for Indian ports is tabulated below:

Buyer/Location	Supplier	'000 t	\$/t cfr unless stated	Discharge	Vessel
APRIL		180.4			
MAY		209.4			
West Coast		92.4			
Iffco/Kandla	Ameropa/ex-Black Sea	23.3	~\$365	13-14 May	<i>Gas Snapper</i>
Iffco/Kandla	Trammo/ex-Middle East	23.4	n/a	31 May	<i>SCF Tomsk</i>
GSFC/Sikka	Sabic/S. Arabia	12	~\$380	10 May	<i>Rose Gas</i>
Hindalco/Dahej	Muntajat/Qatar	6	I-t contract	19 May	<i>Almarona</i>
Deepak Fertilisers/JNPT-Mumbai	Transagri/ex-Iran	5.4	n/a	8 May	<i>Everrich 6</i>
Deepak Fertilisers/JNPT-Mumbai	Mitsui/ex-Indonesia	8.3	spot formula	17 May	<i>Gas Quantum</i>
Deepak Fertilisers/JNPT-Mumbai	CIFC-Raintrade/ex-Iran	8	n/a	25 May	<i>Gas Cat</i>
FACT/Cochin	Transagri/ex-Iran	6	~\$395	26 May	<i>Everrich 6</i>
East Coast		117			
Greenstar/Tuticorin	Muntajat/Qatar	6.5	I-t contract	19 May	<i>Gas Columbia</i>
CIL/Kakinada	CIFC-Raintrade/ex-Iran	8	\$387	14-15 May	<i>Gas Line</i>
CIL/Kakinada	Muntajat/Qatar	6.5	\$385	19 May	<i>Gas Columbia</i>
CIL/Vizag	CIFC-Raintrade/ex-Iran	10	\$387	15-16 May	<i>Gas Cat</i>
Iffco/Paradeep	Ameropa/ex-Black Sea	40	n/a	24 May	<i>Clipper Mars</i>
PPL/Paradeep	Mitsui/ex-Indonesia	14.5	~\$375	10-11 May	<i>Gas Quantum</i>
PPL/Paradeep	CIFC/ex-Malaysia	16.5	\$375	3-5 May	<i>Bunga Kemboja</i>
PPL/Paradeep	CIFC-Raintrade/ex-Iran	15	n/a	12-14 May	<i>Gas Line</i>
JUNE		59			
West Coast		44			

Iffco/Kandla	Fertrade-Ameropa/ ex-Black Sea	23	n/a	2/3 wk June	<i>Clipper Odin</i>
GSFC/Sikka	Sabic/S. Arabia	15	I-t contract	1 wk June	<i>Rose Gas</i>
Deepak Fertilisers/ JNPT-Mumbai	Sabic/S. Arabia	6	I-t contract	1 wk June	<i>Rose Gas</i>
East Coast		15			
PPL/Paradeep	CIFC-Raintrade/ ex-Iran	15	n/a	1 wk June	<i>Gas Line</i>

The latest provisional FAI figures show **DAP/DAP lite production** was, at 315,710 t in April down by 113,240 t or 26.4% from the output of 428,950 t in March but more than double year-on-year compared to just around 147,000 t in April 2015. The decline was due to some phosphate manufacturers taking their plants into annual turnarounds. This brought the total DAP output during January-April 2016 to 1.55 million t, posting an increase of around 398,000 t or 34.4% y-o-y from the 1.16 million t produced during the corresponding period of 2015.

Provisional FAI figures show that **NP/NPK output** in April was, at 362,800 t sharply down m-o-m from 635,300 t in March with around 272,000 t or 42.8% decline again caused by annual turnarounds at the major NPKs manufacturers. Year-on-year the drop, at 128,000 t or 26.1%, is not as severe as some plants were under maintenance at a similar time last year. This brought the total NP/NPK output for January-April to nearly 2.22 million t, down by 170,000 t or 7.1% y-o-y from 2.39 million t in the first four months of 2015.

SOUTH KOREA: LFC (formerly SFC) announced a new spot purchase of 23,000 t from a trader at \$364.70 cfr Ulsan for delivery at the end of July.

The *Clipper Orion* is expected in Yosu tomorrow, 27 May with a part cargo for **Namhae**.

The latest known ammonia deliveries are provided in the table below.

Buyer/Location	Supplier	'000 t	Discharge	Vessel
APRIL		109		
MAY		89.4		
Namhae/Yosu	Mitsubishi/ex-Indonesia	8	1-3 May	<i>Gaz Millennium</i>
Namhae/Yosu	Mitsubishi/ex-Indonesia	8.4	6-7 May	<i>SCF Tomsk</i>
Namhae/Yosu	Yara/ex-Australia	13	13 May	<i>Nordic River</i>
Namhae/Yosu	Yara/ex-Baltic via Koch	8	27 May	<i>Clipper Orion</i>
LFC*/Ulsan	Mitsubishi/ex-Indonesia	15	4-6 May	<i>SCF Tomsk</i>
LFC*/Ulsan	Trammo/ex-Indonesia	15	15-17 May	<i>SCF Tobolsk</i>
LFC*/Ulsan	Koch/ex-Baltic	15	End-May	<i>Clipper Orion</i>
Hanwha/Incheon	Trammo/ex-Indonesia	7	13-14 May	<i>SCF Tobolsk</i>
JUNE		63		
Namhae/Yosu	Yara/ex-Malaysia?	16	Early June	<i>Bunga Kemboja</i>
Namhae/Yosu	Yara/TBC	8	June	<i>TBC</i>
Namhae/Yosu	Mitsubishi/TBC	16	End June	<i>TBC</i>
LFC*/Ulsan	Sabic/S. Arabia	23	3 June	<i>Al Barrah</i>
JULY		23		
LFC*/Ulsan	TBC	23	End July	<i>TBC</i>

* Lotte Fine Chemical (formerly Samsung Fine Chemicals)

TAIWAN: According to the latest customs' data, monthly ammonia imports into Taiwan in March were, at 28,499 t, down by around 27,907 t or 49.5% m-o-m from the 56,406 t imported during February. The total Q1 2016 imports reached 135,489 t down by 21,632 t or 13.8% from the 157,121 t imported during Q1 2015. (Source: GTIS/Taiwan Directorate General of Customs)

NORTH AMERICA

UNITED STATES: Yara and Mosaic settled the contract price for June deliveries into Tampa at \$315 cfr, \$5 down from the previous settlement of \$320 cfr for May.

In the **domestic market** for direct application, ammonia moved in light volume to corn plowdown in central and east of North Dakota. In central and south Minnesota demand is light for ammonia moving to corn sidedress. Demand for ammonia was moderate going to corn preplant, sidedress state-wide in Ohio and Indiana. A few scattered ammonia loads moved to corn sidedress in north-central and central Illinois. There are reports that ammonia prices in Illinois, which have softened over the past couple of weeks, seem to have stabilised this week as activity resumed ahead of today's rain.

LATIN AMERICA

BRAZIL: According to the statistics from Brazil's National Fertilizer Distributors Association (ANDA), MAP production in April reached 99,537 t, up by 16,514 t or 19.9% m-o-m from 83,023 t output in March. It is worth noting that the March output was the lowest monthly production volume since August last year and the m-o-m increase takes the output to levels more in-line with regular monthly production figure although it is still slightly below the output recorded in January and February.

The total output for January-April adds up to 400,352 t, 38,371 t or 8.7% lower y-o-y than during the same period last year when production reached 438,723 t. Based on the above output figures, it is estimated that around 52,046 t ammonia has been consumed for MAP production during the first four months of this year.

The latest known ammonia vessel arrivals into Santos terminal are tabulated below.

Vessel name	Supplier	'000 t	Origin	Discharge date/ Estimated arrival
APRIL		45.9		
MAY		15.4		
<i>Almajedah</i>	Yara	15.4	Trinidad	16-17 May

COMPANY NEWS

NETHERLANDS: In its latest report trade results, **OCI NV** stated that total volume of ammonia, fertilizers and industrial chemicals sold in Q1 2016 was 2 million tonnes of which 1.5 million t were own product and the balance third party. EFC utilization rates in Q1 exceeded 80% and CAN production was successfully restarted in February after the outage in Geleen. Prices were lower but this was partly offset by lower gas costs.

OCI added "the natural gas supply situation in Egypt is monitored closely on an on-going basis, as it is expected to remain volatile in the shorter term, but prospects for future natural gas supply in Egypt are promising. It is expected that Egypt's domestic production of natural gas will improve from 2017, when two recent large discoveries of natural gas fields (ENI's Zohr and BP's West Nile Delta) are expected to start production".

In the US, **Iowa Fertilizer Company** is in the final stages of construction and is expected to start ammonia production in September/October 2016 with downstream production one or two months later, in time for the fall application season in the United States.

OCI referred to the price premium it hopes to command for sales in the Midwest where the plant is located "with ammonia generating an average premium in excess of \$140/t and UAN more than \$60 over prices on the US Gulf Coast over the past five years. Natgasoline LLC was 51.3% complete as at 31 March 2016 and the methanol facility in Beaumont, Texas, is expected to start production 2-half 2017.

In terms of Q1 own product exports, ammonia increased 5% to 327,700 t, urea increased 86.7% to 580,200 t, CAN was down 67.5% at 92,500 t and UAN increased 74% to 150,400 t.

SWITZERLAND/RUSSIA: EuroChem Group AG on 23 May reported consolidated sales for Q1 2016 of \$1.26 billion, as higher sales volumes offset the considerably lower product pricing environment and positively impacted sales. Q1 sales of the entire group sales were up 2% from the \$1.24 billion in sales realised in Q1 2015.

Despite continued, albeit less pronounced, support from favourable currency movements, Q1 2016 EBITDA declined 17% y-o-y. Pulled down by lower fertilizer and iron ore prices, EBITDA for the quarter amounted to \$384 million, as compared to \$461 million in the corresponding period of 2015. Nonetheless, EuroChem's Q1 EBITDA margin remained strong at 31%. For Q1 of the year, the company realised a net profit of \$321 million.

Excluding raw material mining products and hydrocarbons, EuroChem said it realised Q1 2016 nitrogen sales of 2.0 million t and phosphates sales of 1.2 million t. The total of 3.2 million t sold in the first three months of 2016 surpassed the 2.8 million t achieved in Q1 2015 by 13% as nitrogen sales expanded 18% and phosphate sales grew 6%. Additionally, reflecting the company's acquisition of the US-based Bentrei distribution company, third-party product sales for Q1 2016 grew to 937,000 t, representing a 448,000 t y-o-y increase on the 488,000 t sold in Q1 2015. The company also sold 1.3 million t of iron ore and baddeleyite concentrates.

Highlighting the effects of the acquisition of the Bentrei distribution company in Q4 2015, sales to the North American market doubled to represent 20% of total sales in Q1 2016. North America generated \$253 million in sales during the quarter under review.

Contributing \$508 million, the European market accounted for 41% of total sales during the January-March 2016 period, while sales to Russia declined by 16% to \$202 million, as compared to \$239 million in Q1 2015. Despite the lower iron prices, stronger fertilizer deliveries drove a 19% increase in Asia Pacific sales with the region contributing \$127 million to the company's Q1 2016 sales.

Against an uncertain economic backdrop, Q1 2016 progressed without the market visibility and pricing support traditionally offered by peak application season across developed markets, EuroChem said in its official statement. In light of the inventory build-up, market participants favoured a hand-to-mouth approach to purchasing.

Nitrogen

Nitrogen prices remained pressured by the temporary supply/demand mismatch on the back of new capacity launches. Prilled urea averaged \$206/t fob Yuzhnyy, trailing by 30% its Q1 2015 average of \$295/t. At \$185/t fob Black Sea, average AN prices were 33% lower than in the first three months of 2015, while average UAN prices shed 37% to \$155/t fob Black Sea.

Q1 2016 nitrogen sales increased 18% y-o-y to 2.0 million t, setting a new quarterly record for the company. Lower market prices spurred healthy demand for UAN and prilled urea with sales of these two products increasing 81% and 54%, respectively. EuroChem reported to have increased ANF production as weaker demand for CAN materialised. Sales of ANF increased 65% y-o-y to 134,000 t. Good AN demand in the CIS helped Q1 volumes remain stable y-o-y.

While stronger sales volumes helped to partially mitigate the weaker product prices, Q1 2016 nitrogen sales of \$456 million were 12% lower y-o-y as average prices for key products, including urea and AN declined more than 30% from their Q1 2015 averages. Pulled down by the lower prices and reflecting shifts in product mix, Q1 nitrogen EBITDA declined 29% y-o-y to \$182 million.

EuroChem allocated \$87 million in investment to its nitrogen operations, the bulk of which (\$68 million) related to the construction of a new ammonia facility in Russia. The construction of EuroChem Northwest, which once completed will have an annual ammonia production capacity of 1 million t/y, is part of EuroChem's strategy to obtain greater control over its raw materials base, the company added. In December 2015, the EuroChem Northwest subsidiary signed a EUR 557 million loan agreement with a club of banks for the project financing of the ammonia plant in Russia. The first drawdown is expected in June 2016.

Phosphates

Phosphate prices did not fare much better with Q1 pricing largely following a slow downward trend amidst difficult trading conditions, EuroChem reported. Average MAP and DAP prices for Q1 2016 were \$353/t and \$366/t fob Baltic, respectively, trailing their Q1 2015 average prices by 27% for MAP and by 25% for DAP.

Phosphates fertilizer sales volumes increased 6% y-o-y to 1.15 million t, as compared to 1.08 million t in Q1 2015 on the back of good demand for NPK and feed products in Europe and MAP in North America. In light of considerably lower iron ore demand in Asia, a stronger focus on the Russian market provided some support to Q1 volumes. With sales of 1.33 million t, iron ore sales volumes for the first three months of the year remained within 3% of last year's Q1 sales of 1.38 million t.

The significant deterioration in prices for the EuroChem's key phosphates products, including MAP/DAP and iron ore, while partially offset by additional volumes, pushed sales 12% lower to \$476 million, down from \$542 million in the same period last year. The

lower product prices overshadowed the positive effects from currency shifts and additional raw material capacity and dragged Q1 2016 phosphates EBITDA 28% lower y-o-y to \$119 million.

Natural gas

Excluding internal natural gas supplied from the EuroChem's Severneft Urengoy gas operator, Q1 2016 average natural gas prices at the two nitrogen fertilizer facilities in Russia were \$1.80/mmBtu at Novomoskovskiy Azot and \$1.98/mmBtu at Nevinnomysskiy Azot.

RUSSIA: PhosAgro on 25 May announced its operating results for Q1 2016. Quarterly group revenue for the period increased by 12% y-o-y to RUB56.1 billion (\$751 million), while EBITDA grew by 3% y-o-y to RUB25.2 billion (\$ 338 million). The company achieved a net profit of RUB22.6 billion (\$303 million) in the first three months of 2016 against a net profit of nearly RUB14.2 billion (\$228 million) in Q1 2015.

In the Nitrogen segment, revenue decreased by 9% y-o-y in Q1 2016 to RUB6.42 billion (\$86 million). Meanwhile production volumes in this segment remained largely flat on the year and sales increased by 4% y-o-y to 429,800 t (412,500 t in Q1 2015). The Nitrogen segment comprises the products urea, AN, stabilised AN (SAN) and ammonia although the latter is mainly used for downstream production with negligible sales volumes.

Export revenue from urea was 15% lower y-o-y, from RUB4.4 billion (\$71 million) in Q1 2015 to RUB3.8 billion (\$50 million) in Q1 2016, due to an 18% y-o-y decrease in revenue per tonne, balanced by increased sales volumes. Total revenue from AN rose by 3% y-o-y, from RUB2.5 billion (\$40 million) in Q1 2015 to RUB2.6 billion (\$35 million) in Q1 2016, due to a 5% y-o-y increase in sales volumes balanced by 2% y-o-y decrease in revenue per tonne.

Nitrogen segment gross profit for Q1 2016 decreased by 22% y-o-y to RUB3.35 billion (\$45 million). The gross margin for Q1 2016 was 52%, compared with 61% in Q1 2015. This was primarily due to the decrease in prices: during Q1 2016, average revenue per tonne for the company's nitrogen-based fertilizers decreased by 12%.

UKRAINE: The Ukrainian Cabinet has approved the starting price for the sale of the **Odessa Port Plant (OPP)** at UAH 13 billion 175 million. This followed Cabinet approval for the privatization to go ahead but it can only take place if at least two members participate, one of which can be a non-resident but Russian companies are not allowed to bid.

Igor Bilous, head of the State Property Fund (SPF), whilst introducing the draft terms of the OPP's privatization, confirmed that OPP has an outstanding obligation to **Ostchem Holding Ltd** of \$US 193 million which the buyer will have to fulfill. This debt for natural gas supplies has existed since 2014-2015.

UNITED STATES: Phibro LLC, an independent commodity merchant company, announced on 17 May that its affiliate, **Philipp Brothers Fertilizer**, together with a group of investors (The Phibro Group), have acquired **SG Solutions' Gasification Plant**, a clean coal gasification plant located outside of West Terre Haute, Indiana, that until recently produced synthetic gas and steam to fuel the adjacent Wabash River Combined Cycle Plant owned by Wabash Valley Power Association. The Phibro Group will repurpose the plant to produce ammonia for fertilizer use in the region.

Following the conversion, the plant will use petroleum coke (petcoke) sourced from Midwest refineries as a feedstock to produce ammonia. According to Phibro, petcoke is more economical than the natural gas many other ammonia plants use as a feedstock and will enable the plant to offer local farmers more affordable fertilizer.

The Phibro Group plans to invest approximately \$450 million into the plant to convert it to produce ammonia and is targeting a mid-2018 completion date.

Andrews Kurth LLP and Cadwalader, Wickersham & Taft LLP provided the legal advice and services to facilitate the acquisition.

UNITED STATES: On 23 May, **CF Industries Holdings Inc** and **OCI NV** announced the termination of the proposed combination of CF and the European, North American and Global Distribution businesses of OCI.

The Treasury announcement on 4 April 2016 materially reduced the structural synergies of the combination. Since that time, both companies have worked together collaboratively to explore alternative transactions and structures that would be attractive to their respective shareholders. However, the companies were unable to identify an alternative acceptable to both parties and, therefore, agreed to terminate the combination.

As contemplated in the combination agreement, CF will pay OCI \$150 million in connection with the termination.

NATURAL GAS/COAL**QUICK GLANCE** (change from last week)

Henry Hub (day ahead): \$1.97 (up)

TTF: €13.18 (up)

Brent: \$49.74 (up)

WEST EUROPE: The NBP day-ahead price closed at 29.70 p/therm on 25 May down from 30.30 p/therm on 18 May. A price of 29.70 p/therm equates to \$4.32/mmBtu at the £/\$ exchange rate of 1:1.45508 from 25 May.

The June 2016 contract on ICE natural gas futures for the NBP closed at 29.64 p/therm on 25 May up from 29.41 p/therm on 18 May. The average 6-month forward strip (Jun-Nov 2016) is 31.13 p/therm, which equates to \$4.53/mmBtu at the £/\$ exchange rate of 1:1.45508 from 25 May.

The Dutch TTF day-ahead price closed at €13.18/MWh on 25 May up from €13.03/MWh on 18 May, according to Tankard. The Tankard indices are trade-backed volume-weighted average price indices, calculated from trades arranged by ICAP, Marex Spectron and Tullett Prebon.

A price of €13.18/MWh equates to \$4.32/mmBtu at the exchange rate of €/£ 1:1.11823 on 25 May. In May so far, the TTF day-ahead average is estimated at \$4.28/mmBtu, which compares with \$4.01/mmBtu in April and \$3.99/mmBtu in March. The February average was \$4.02/mmBtu and January was \$4.38/mmBtu.

The average six-month ICE futures price for TTF for Jun-Nov 2016 is €13.74/MWh on 25 May, and equating to \$4.50/mmBtu using the €/£ exchange rate of 1:1.11823 from 25 May.

Crude – The Brent crude oil contract for July 2016 settled at \$49.74/bbl on 25 May up from \$48.93/bbl on 18 May. The average price for the 3-month strip (Jul-Sep 2016) is \$50.19/bbl compared with \$49.42/bbl a week before, while the 12-month average (Jul 2016-Jul 2017) is \$51.56/bbl against \$50.83/bbl.

Over the past week oil prices have held on to gains as US stockpiles fell. On 25 May, the EIA released its weekly petroleum status report, in which the agency said that crude inventories decreased by 4.2 million bbl in the course of the last week, maintaining a total US commercial crude inventory of 537.1 million bbl.

In its May Short-term Energy Outlook (STEO), the EIA is forecasting Brent crude oil prices to average \$41/bbl in 2016 (up \$6 from the April report) and \$51/bbl in 2017 (up \$10 from the prior STEO), with annual average West Texas Intermediate (WTI) prices in 2016 expected to average slightly less than Brent price and roughly the same in 2017. In its comments, EIA said the current values of futures and options contracts suggest a very high degree of uncertainty in the oil price outlook. "WTI futures contracts for August 2016 delivery that were traded during the five-day period ending May 5 averaged \$46/b, and implied volatility averaged 41%. These levels established the lower and upper limits of the 95% confidence interval for the market's expectations of monthly average WTI prices in August 2016 at \$32/b and \$65/b, respectively. The 95% confidence interval for market expectations widens over time, with lower and upper limits of \$26/b and \$83/b for prices in December 2016", the report reads.

UKRAINE: On 25 May, Naftogaz announced an increase in natural gas prices for industrial consumers and other business entities, effective from 1 June 2016. In a statement, the company said that the price for natural gas will be differentiated depending on the volume of purchases, payment terms and conditions for the previous periods.

Depending on these conditions, the final price levels for industrial consumers and other business entities will be in the UAH6,874-7,604/thousand cubic metres or approximately \$7.70-8.50/mmBtu at today's exchange rate, including tariffs for transportation through the main and distribution gas pipelines, and also including VAT.

This compares with a price range of UAH6,474-7,518/thousand cubic metres or roughly \$7.20-8.40/mmBtu (also at today's exchange rate), effective from 1 May 2016.

RUSSIA: Gazprom is expected to raise production in 2016 but has reportedly slowed construction of its Power of Siberia pipeline set to serve China from 2018, Deputy Chairman Vitaly Markelov said on 19 May.

Natural gas production this year is expected to be around 452.5 bcm, up from 418.5 bcm in 2015, Mr Markelov added. Meanwhile, output of gas condensate is expected to amount to 15.8 million t against 15.3 million t last year.

Demand fell in 2015 largely because Ukraine turned to Europe for more of its gas imports, while Gazprom has also been facing increased competition domestically, from Novatek and Rosneft.

Gazprom has begun work on a pipeline to China, the so-called Power of Siberia project, in response to the EU looking to curb its reliance on Russian energy imports. The company aims to ship 38 bcm/y of gas to China once the project is complete. Mr Markelov was cited as saying that around 115 km of the to 3,000 km pipeline are currently complete with another 400 km to follow this year. Previously, the company had said that it aimed to complete around 800 km of the pipeline link in 2016, but the estimate had to be cut due to costs optimisation. The launch for the pipeline is, however, still expected to be in 2018.

CHINA: Thermal coal prices at Qinhuangdao for the 5,500kcal grade remain flat at Rmb385-395/t (around \$59.50/t). Prices have been unchanged since the second week of March 2016 in Rmb-terms. The average price in May is estimated at Rmb390/t (\$59.78/t) flat, at least in Rmb-terms against an April average of Rmb390/t (\$60.22/t), which was up only slightly from the March average of Rmb389/t (\$59.72/t). The May average compares with Rmb413/t (\$67.40/t) in the same month last year.

INDIA: Production of natural gas and crude oil fell for the second month in a row in April, data published by the Ministry of Petroleum and Natural Gas showed. Natural gas production declined by nearly 7% while crude oil production was down just over 2% y-o-y.

Domestic natural gas production during April stood at 2.488 bcm compared with 2.670 bcm in the same month last year. ONGC's natural gas production was 8.5% lower y-o-y at 1.630 bcm. Its overall natural gas production was significantly impacted by the 10.8% fall from its offshore production which stood at 1.238 bcm for the month.

Crude oil production reached at 2.956 million t in April 2016 against 3.025 million t in the same month last year. ONGC's production was reported nearly 1% lower y-o-y at 1.801 million t (1.815 million t in April 2015). Meanwhile, production from private and joint venture fields was almost 4% lower at 0.893 million t. Cairn India's Rajasthan fields had a nearly 2% fall in production during the month to 0.692 million t, the data further showed.

The fall in production resulted in higher imports of crude oil. According to data from the Petroleum Planning and Analysis Cell, in April, India imported 15.6% more crude oil at 17.96 million t against 15.53 million t in the same month last year. However, weaker oil prices meant the crude oil import bill was 24% lower at \$4.74 billion compared with \$6.24 billion in the same month last year.

AUSTRALIA: The Newcastle market for Q3 2016 is \$52.75/t up from \$51.30/t last week; Q4 2016 is \$52.70/t up from \$51.35/t; 2017 is \$51.85/t up from \$50.45/t; 2018 is \$52.15/t against \$51.40/t last week; and 2019 is \$52.25/t.

UNITED STATES: The Henry Hub day-ahead price closed at \$1.97/mmBtu on 25 May up from a revised price of \$1.91/mmBtu on 18 May. Meanwhile, the Midcont price stood at around \$1.70/mmBtu on 25 May.

In May so far, the Henry Hub has averaged \$1.95/mmBtu, against an April average of \$1.91/mmBtu. This compares with a March average of \$1.72/mmBtu, which was down from February at \$1.98/mmBtu and also lower than the \$2.28/mmBtu in January. The December average was \$1.93/mmBtu, November was \$2.09/mmBtu and October was \$2.34/mmBtu.

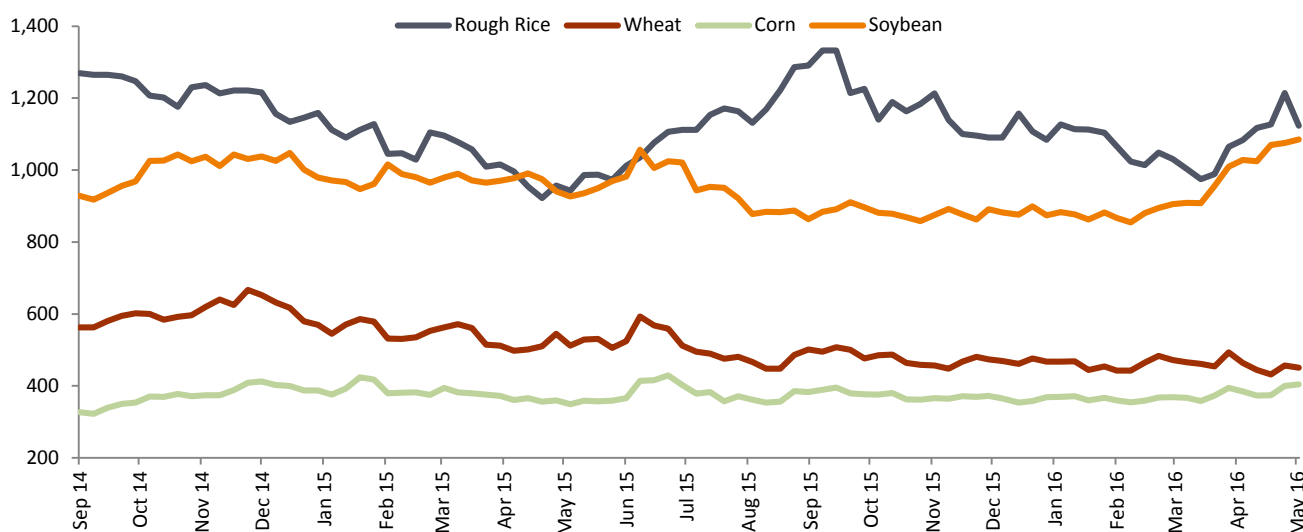
On NYMEX natural gas futures, the June 2016 contract settled at \$1.992/mmBtu on 25 May down from the \$2.001/mmBtu on 18 May. The average for the next three months – Jun-Aug 2016 – is \$2.151/mmBtu compared with \$2.112/mmBtu a week before, while the average for the next 12 calendar months (Jun 2016-Jun 2017) is \$2.581/mmBtu against \$2.551/mmBtu.

The EIA Weekly Natural Gas Storage Report for the week ending 13 May showed a net injection of working gas stocks into underground storage of 73 bcf. The net injection compares with a median expectation of market analysts of a net injection of 78 bcf. It further compares with the year-ago injection of 98 bcf and the five-year-average injection of 91 bcf. Natural gas stocks on 13 May were 2,754 bcf, which is 765 bcf (39%) above a year ago and 795 bcf (41%) above the five-year average.

In its May Short-term Energy Outlook (STEO), EIA expects the Henry Hub natural gas spot price to average \$2.25/mmBtu in 2016 (down from \$2.18/mmBtu in the April report) and \$3.02/mmBtu in 2017 (flat from the prior report), having averaged \$2.63/mmBtu in 2015.

Regarding the WTI, the CME July 2016 contract closed at \$49.56/bbl on 25 May up from \$48.78/bbl on 18 May. The forward 3-month strip (Jul-Sep 2016) is \$49.94/bbl, while the 12-month forward average (Jul 2016-Jul 2017) is \$50.99/bbl.

US coal – The CAPP June 2016 contract closed at \$43.50/ston on 25 May down from the \$43.63/ston on 18 May. The 3-month forward strip (Jun-Aug 2016) is \$44.37/ston compared with \$44.40/ston a week before, while the Jun-Dec 2016 forward average is \$45.02/ston against \$45.03/ston.

AGRICULTURE
WEEKLY CBOT CROP PRICES (¢/BU)

CROP FUTURES
CME CROP PRICES (cents/bushel)

Product	July 2016	Weekly Change	September 2016	December 2016	May 2015
Corn	404.6	+5.2	407.2	408.4	355.0
Wheat	451.0	-5.6	466.6	489.6	524.5
Soybean	1,085.4	+10.2	1,065.4	1,054.2	922.5
Rough Rice	1,123.5	-91.0	1,148.0	1,171.5	942.0

Prices are Wednesday's closing rates for the forward months indicated. The 2015 price is the forward price reported one year ago.

CORN: A feedstock for ethanol production, corn closed stronger as gains in crude oil bolstered purchasing interest for the grain. Anticipation for lower yields from Brazil was also bullish.	WHEAT: Heavy global supplies weighed on wheat prices this week, in spite of some risk of disease in parts of the US, owing to cold and wet weather conditions.
SOYBEAN: Soybean futures closed higher this week, as wet weather in the US slowed seeding progress. Stronger crude oil prices and gains in the nearby soymeal market also support values.	RICE: Early signs of an easing of the drought conditions in some parts of Southeast Asia countered much of the recent gains in rice prices, reflected in a 91 cent decrease week on week.

REGIONAL MARKETS

EUROPE: EU corn production could be larger than expected this year after the European Commission again raised its forecast for average yields. The May bulletin from the EU executive's crop monitoring unit, Mars, pegs the average corn yield across the bloc at 7.31 t/ha, up from 7.06 t/ha in April and just 6.42 t/ha last year. The latest figure is up 14% from last year and nearly 6% higher than the five-year average.

Mars said that growth conditions are "fairly good" across most of Europe, although there have been some delays for summer-sown crops due to cold and wet periods in most regions except the south-east of the bloc, where temperatures have exceeded 30°C in several countries.

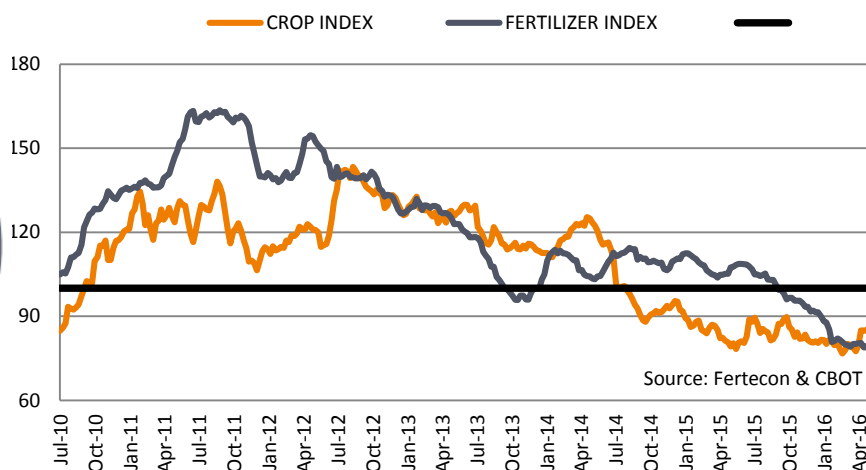
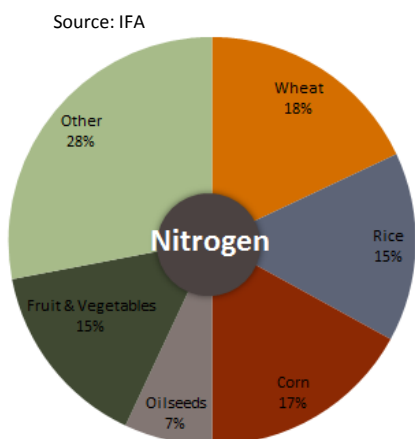
FRANCE: French farmers had sown 91% of its corn area for this year's harvest by 16 May after rain delayed sowing, according to farm office FranceAgriMer. Corn sowing was up from 78% complete a week earlier, but was behind the 96% progress rate made a

year ago. The average date for sowing was 15 days later than both last year and the average of the past five years, FranceAgriMer said in its weekly crop report. An estimated 56% of corn crops had now emerged from the soil, up from 27% a week earlier, but was well below the 85% level a year earlier, it said.

ARGENTINA: Argentina expects to plant 5.3 million ha of **wheat** for the 2016/2017 season, the largest planting in nine years. Additionally, the agriculture ministry increased its forecast for corn production to 37.9 million t for the 2015/2016 season, from a previous projection of 37 million t. Argentine agriculture has seen a boost since business-friendly President Mauricio Macri, who took office in December, eliminated taxes and export caps.

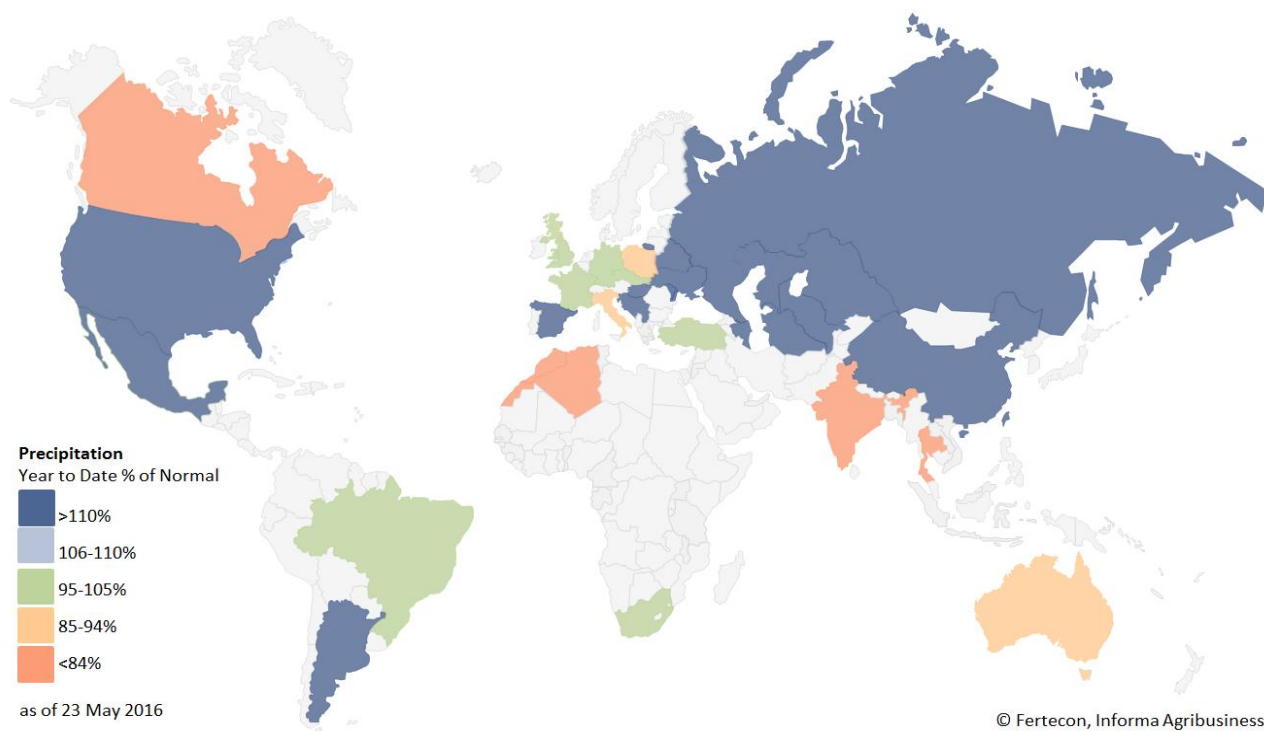
NITROGEN USE BY CROP

FERTECON FERTILIZER & CROP INDICES



Using 6 January 2010 as the starting point (Jan 2010=100), the FERTECON indices aim to assess relative fertilizer affordability and illustrate the comparative movement of fertilizer prices (a basket of urea, DAP and MOP) against crop prices. The denotation is that the higher the crop index is relative to the fertilizer index, the more affordable fertilizers are to farmers – and vice versa.

WEATHER & LAND CONDITIONS



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