Ammonia Report

Weekly review of the ammonia market

Fertecon
Agribusiness intelligence | informa

7 July 2016

- A new spot deal understood to be concluded this week at $250 fob Yuzhnyy for 12-15,000 t for 2-half July loading
- Yara reportedly sells another 8,000 t ammonia cargo for prompt delivery to Antwerp, Belgium
- Trammo buys 10,000 t from Petronas priced under fob formula for loading from Malaysia
- Two new sales into Turkey understood to be concluded recently by Trammo
- Agrium to acquire Cargill's US Ag-Retail Business

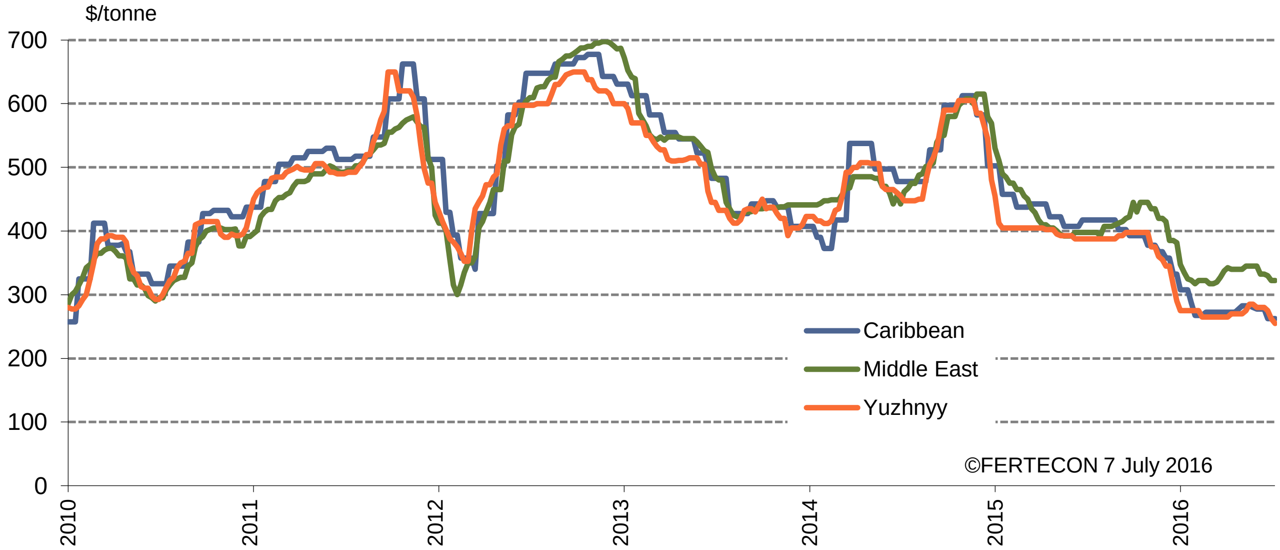
OUTLOOK

Bearish

KEY PRICES

	7 July	30 June	23 June
Yuzhnyy fob $/t	250-260*	250-275*	265-285*
Middle East fob $/t	310-335*	310-335*	320-340*
Tampa/US Gulf cfr $/t	285-290	285-320**	285-320**

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$

	7 July	30 June	23 June
Fob prices			
Caribbean	245-250	245-280**	245-280**
Middle East	310-335*	310-335*	320-340*
Of which:			
- Netbacks on contract/formula-priced sales	310-330*	310-333*	320-340*
- Spot fob	335*	335*	n.m.
Yuzhnyy/FSU fob	250-260*	250-275*	265-285*
Baltic/FSU	260-270*	260-285*	275-295*
Southeast Asia	310-325	315-325	315-330
Delivered prices			
NW Europe (duty paid/duty free) *	327-343	327-359	343-369
NW Europe (duty unpaid) *	310-325	310-340	325-350
Far East	350-365	352-375	352-385
India	340-380	340-380	360-380
US Gulf/Tampa	285-290	285-320**	285-320**
- Tampa	285	285-315**	285-315**
- US Gulf (MS, LA, TX)	290	290-320**	290-320**

FERTECON PRICE DEFINITION

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 July price, high end refers to June price

The full history of Fertecon's ammonia prices is available to view and download by clicking here.

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

The international ammonia market has been relatively quiet in the Middle East and the Far East with many countries observing the end of Ramadan and Eid Al Fitr celebrations taking place. However, a number of new deals have been reported elsewhere.

The **Black Sea** prices continue to be under pressure and this week a new spot sale is understood to be concluded between OPZ and Trammo for 12-15,000 t ammonia for 20-25 July lifting at $250 fob. The deal reflects the continuous pressure on Yuzhnyy prices which this week are assessed to be in the $250-260 fob range.

Following the downward price adjustment in Yuzhnyy, the **Baltic** and the Northwest Europe prices are assessed on a nominal basis to be $260-270 fob Baltic and $327-343 cfr Northwest Europe (duty paid/free).

In **Europe**, Yara is understood to have sold another 8,000 t cargo to BASF for prompt delivery to Antwerp, Belgium. The cargo has already been discharged at Antwerp yesterday, 6 July.

A couple of deals are understood to have lately been concluded by Trammo in **Turkey** with Petkim and Igsas. The latest ammonia prices for deliveries into Turkey are quoted to be at around $285-290 cfr, $10-15 lower than it was heard last week. On a supply side in Turkey, Gemlik ammonia will be shipped by Trammo into India on the *Anafi*, a newly chartered vessel which the trader has reportedly fixed for at least a couple of months.

In the **Far East**, Trammo bought 10,000 t ammonia from Petronas priced on a fob formula basis for July loading from Kerteh.

In the **United States**, demand for ammonia is seasonally slow as spring season is nearly finished now. It is expected that the market will see more ammonia exported from the United States during the next couple of months as domestic demand is waning.

The short-term outlook for ammonia prices remains soft.

SUPPLIERS

FSU

BLACK SEA: This week Trammo is understood to have purchased 12-15,000 t of Black Sea ammonia for loading out of Yuzhnyy on 20-25 July. The volume is believed to have been sourced from the **OPZ** plant. The cargo will most likely be loaded on the *Marycam Swan.*

The latest known delivered prices into Turkey are reportedly around $285-290 cfr and in the light of this as well as the above mentioned sale our Black Sea fob price assessment this week is $250-260 fob.

The final ammonia vessel line-up for June and the known schedule for July so far are tabulated below.

Vessel	Trader	'000 t	Destination	Load date
MAY		**228.7**		
JUNE		**242.6**		
Clipper Odin	Ameropa	25	India (Kandla)	2 June
Sylvie	Trammo	23	India (Kakinada)	3-4 June
Marycam Swan	Trammo	15	Turkey (incl Aliaga)	6-7 June
Gas Snapper	Ameropa	23.4	Jordan (Aqaba) on behalf of Muntajat	6-7 June
Gas Manta	Ameropa	23.4	Belgium (Antwerp)	8-10 June
Solaro	Ameropa	25	Morocco (Jorf Lasfar)	12-15 June
Clipper Mars	Ameropa	40	EC India (Paradeep)	19-21 June
Marycam Swan	Trammo	15	Turkey (to discharge part cargo and will return to top-up end June)	20-22 June
Gas Grouper	Ameropa	23.4	Tunisia (Gabes)	23-25 June
Gas Cobia	Ameropa	23.4	Morocco (Jorf Lasfar)	29-30 June

Marycam Swan	Trammo	6 (top up)	Turkey (Samsun - 10) & Israel (Haifa - 5)	27-28 June
JULY		**231.7 - 234.7**		
Cambridge	OCP	23	Morocco (Jorf Lasfar)	30 June - 1 July
Gas Snapper	Ameropa	23.5	India (Paradeep)	4-5 July
Gaschem Stade	Dreymoor	23	EC India (Paradeep & Vizag)	Arrived 2 July, waiting to load
Clipper Odin	Ameropa	25	WC India (Kandla)	Arrived 7 July, to load 9-10 July
Marycam Swan	Trammo	15	Turkey (TBC) & Israel (Haifa)	10 July
Gas Grouper	Ameropa	23.4	Belgium (Antwerp)	ETA 8 July, to load 10-15 July
Gas Cobia	Ameropa	23.4	Morocco (Jorf Lasfar)	20 July
Gas Manta	Ameropa	23.4	Possibly Tunisia (Gabes)	20 July
Marycam Swan	Trammo	12-15	TBC	20-25 July
Clipper Mars	Ameropa	40	India	End July

BALTIC: Yara's vessel, the 10,000 t capacity *Antarcticgas* loaded in Ventspils on 1-2 July for delivery to Norway and is now due back in today, 7 July, to reload.

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

Vessel	Trader	'000 t	Destination	Load date
MAY		**39**		
JUNE		**95**		
Coral Ivory	Yara	4	Sweden (Köping)	1-2 June (Ventspils)
Brussels	Trammo	23	Morocco (Jorf Lasfar)	1-2 June (Ventspils)
Temse	Yara	8	Germany (Rostock)	5-6 June (Ventspils)
Coral Ivory	Yara	4	Sweden (Köping)	5-6 June (Ventspils)
Coral Ivory	Yara	4	Germany (Rostock)	13-14 June (Ventspils)
Temse	Yara	8	Germany (Rostock)	15-16 June (Sillamäe)
Coral Ivory	Yara	4	Sweden (Köping)	16-17 June (Ventspils)
Wilhelm Schulte	OCI	10	Netherlands (Rotterdam)	20-22 June (Sillamäe)
Coral Ivory	Yara	4	Germany (Rostock)	23-24 June (Ventspils)
Pertusola	Yara	12	Norway (Glomfjord)	27-27 June (Ventspils)
Antarcticgas	Yara	10	Germany (Rostock)	27-28 June (Sillamäe)
Coral Ivory	Yara	4	Sweden (Köping)	27-28 June (Ventspils)
JULY		**53.4**		
Gas Manta	Ameropa	23.4	Belgium (Antwerp)	30 June – 1 July (Sillamäe)
Antarcticgas	Yara	10	Norway (Porsgrunn)	1-2 July (Ventspils)
Antarcticgas	Yara	10	TBC	7-8 July (Ventspils)
Wilhelm Schulte	OCI	10	Netherlands (Rotterdam)	2-half July (Sillamäe)

LITHUANIA: Production is heard to be going down soon at **Achema** for at least 2 months whilst a revamp of the ammonia plant is carried out.

EUROPE

NETHERLANDS: Yara has delivered 8,000 t of ammonia from its Sluiskil plant to BASF at Antwerp, Belgium to cover buyer's prompt requirement this week. The cargo has been loaded on the *Temse* around 3-4 July and discharged in Antwerp yesterday, 6 July.

POLAND: Yara's vessel, the 4,000 t capacity *Coral Ivory*, loaded ammonia from the Police plant around 7 July for delivery to Köping, Sweden. The cargo is understood to have been purchased some time ago.

UNITED KINGDOM: Yara's vessel, the *Temse* is expected at Hull today, 7 July, for loading.

Vessel	Trader	'000 t	Destination	Load date
MAY		**8**		
JUNE		**16**		
Temse	Yara	8	France (Bordeaux & Ambes)	20-21 June (Hull)
Temse	Yara	8	Belgium (Antwerp)	27-28 June (Hull)
JULY		**8**		
Temse	Yara	8	TBC	7 July (Hull)

MEDITERRANEAN

TURKEY: Trammo loaded a cargo from the **Gemlik Gubre** plant on its newly chartered vessel, the *Anafi* on 4-6 July for delivery to India.

CARIBBEAN

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

Vessel	'000 t	Destination	Load date
MAY	**469.9**		
JUNE	**370.2**		
Marola	24.8	United States (Tampa)	4-5 June
Sombeke	25.4	Belgium (Antwerp)	4-5 June
Navigator Galaxy	15	United States (NOLA)	7-8 June
Gaschem Stade	23	Morocco (Jorf Lasfar)	8 June
Libramont	25.4	United States (Point Comfort)	10-11 June
Luigi Lagrange	24.8	Mexico (Lazaro Cardenas)	11-12 June
Clipper Venus	40	United States (Point Comfort)	15-17 June
Almajedah	15.4	United States (Tampa)	16-17 June
Marola	16	Brazil (Santos)	18-19 June
Navigator Galaxy	15	Brazil (Santos)	22 June
Clipper Venus	40	United States (Point Comfort)	16-17 June
Kaprijke	25	United States (Tampa, Point Comfort & Houston)	21-22 June
Touraine	25	United States (Pascagoula & NOLA)	24-25 June
Almajedah	15.4	United States (Tampa)	29-30 June
Clipper Venus	40	United States (Tampa)	29-30 June
JULY	**259.4**		
Brussels	8	Chile (Including 15 previously loaded from Brazil)	1-2 July
Sombeke	25.4	United States (Freeport)	1-2 July
Clipper Orion	40	Far East	2-4 July
Libramont	25.4	Belgium (Antwerp)	3-5 July
Clipper Neptun	40	United States (Tampa)	5-7 July
Clipper Venus	40	TBC	11 July
Almajedah	15.4	TBC	11 July
Navigator Grace	15	TBC	12 July
Marola	24.8	TBC	12 July
Sombeke	25.4	Belgium (Antwerp)	30 July

LATIN AMERICA

VENEZUELA: It is understood that **Nitron** may have some Venezuelan ammonia for sale for end July and/or August.

AFRICA

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

ALGERIA: 2016 AMMONIA EXPORT SHIPMENTS					
Vessel	**Supplier**	**'000 t**	**Destination**	**Load Port**	**Load Date**
MAY		**115.3**			
JUNE		**103.8**			
Clipper Neptun	Sorfert	39.9	United States/Koch	Arzew	2-5 June
Navigator Gusto	Sorfert	14.9	France (Montoir, Bordeaux, Ambes)/Yara	Arzew	11-13 June
Andesgas	Fertial	10	Spain/Fertiberia	Annaba	16-17 June
Andesgas	Fertial	10	Spain & Portugal/Fertiberia	Annaba	20-23 June
Queen Isabella	Fertial	7	Spain (Sagunto)	Arzew	24-26 June
Navigator Grace	Sorfert	15	Spain (Castellon) & Morocco (Jorf Lasfar)	Arzew	26-27 June
Queen Isabella	Fertial	7	Spain (Castellon)	Arzew	29-30 June
JULY		**37**			
Andesgas	Fertial	10	Spain (Aviles)/Fertiberia	Arzew	30 June – 1 July
Queen Isabella	Fertial	7	Spain (Castellon)	Annaba	3 July
Andesgas	Fertial	10	TBC/Fertiberia	Arzew	9 July
Wilhelm Schulte	Sorfert	10	TBC/OCI	Arzew	July

MIDDLE EAST

The Middle East market has been very quiet this week due to the Ramadan observation and Eid Al Fitr celebrations. Business is expected to return to normal next week.

The latest Middle East line-up is tabulated below.

Vessel	Supplier/Origin	'000 t	Destination	Price $/t	Load date
MAY		**211.7**			
JUNE		**201.6**			
Gas Columbia	Muntajat/Qatar	23	WC India: Zuari/Goa (4.5) & MCFL/Mangalore (10.5?) EC India: CIL/Kakinada (3.5) & Ennore (4.5)	l-t contract	2-3 June
Everrich 6	Transagri/ex-Iran (Assaluyeh)	6	WC India: Deepak Fert/ JNPT-Mumbai	$360 cfr	3-4 June
Gas Cat	Raintrade/Iran (BIK)	18.5	EC India: CIL/Vizag & Kakinada	l-t contract	5-8 June
SCF Tomsk	Trammo/ex-Qatar (8) & S.A. (Jubail - 15)	23	China (Caojing)	n/a	5-6 June – Qatar 11-13 June –S.A.
Al Jabirah	Sabic/S.A. (RAK)	23.4	Taiwan (Taichung)	n/a	8-10 June
Almarona	Muntajat/Qatar	15	WC & EC India incl SPIC/Tuticorin	l-t contract	18-19 June
Gas Line	Raintrade/Iran (BIK)	23	EC India: PPL/Paradeep & CIL	n/a	21-23 June
Rose Gas	Sabic/S.A. (Jubail)	19	WC India: GSFC/Sikka (15) & Deepak Fert/JNPT-Mumbai (4)	n/a	25-27 June
Everrich 6	Transagri/ex-Iran (Assaluyeh)	5.7	WC India: Deepak Fert/ JNPT-Mumbai	n/a	22-23 June
Al Barrah	Sabic/S.A. (Jubail)	23	South Korea (LFC/Ulsan)	n/a	26-27 June
Gas Columbia	Muntajat/Qatar	22	EC India (Greenstar/Tuticorin – 4, CIL/Vizag – 5 & CIL/Kakinada –	l-t contract	26-28 June

			8.5) & WC India (Zuari/Goa – 4.5)		
JULY		**228.2**			
Gas Cat	Raintrade/Iran (BIK)	18.5	Taiwan (Taichung)	l-t contract	3 July
Gas Quantum	Mitsui/ex-S.A. (Jubail)	23	Far East	Spot formula	3 July
Almarona	Muntajat/Qatar	15	India	l-t contract	4-6 July
Everrich 6	Transagri/ex-Iran (Assaluyeh)	5.7	India	n/a	9 July
Rose Gas	Sabic/S.A. (RAK)	21	India	n/a	11 July
Sylvie	Trammo/ex-Oman (Sur)	23	TBC	n/a	2-half July
Gas Line	Raintrade/Iran (BIK)	23	TBC	n/a	2-half July
Al Jabirah	Sabic/S.A. (Jubail)	23	Far East	n/a	17 July
Gas Columbia	Muntajat/Qatar	23	India	l-t contract	17-20 July
Al Barrah	Sabic/S.A. (RAK)	23	Far East	n/a	24 July
TBN	Muntajat/ex-S.A. (RAK)	15	India	swap	25 Jul
Almarona	Muntajat/Qatar	15	India	l-t contract	27-30 July

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

ASIA/OCEANIA

AUSTRALIA: According to customs' data May exports of ammonia reached 48,807 t, with 25,500 t destined for Taiwan and 23,290 t for South Korea. Total exports for the first five months of 2016 stand at 196,379 t, a 115,818 t or 37% decline on exports during the same period of 2015. (Source: GTIS/Australian Bureau of Statistics)

The *Viking River* is in Dampier waiting to load for South Korea and the *Nordic River* has just left South Korea to head back to Dampier for loading, with an eta 16 July.

The recent known ammonia loadings are tabulated below.

AUSTRALIA: 2016 AMMONIA SHIPMENTS			
Vessel	**'000 t**	**Destination/Supplier**	**Load Date/Port**
MAY	**100**		
JUNE	**75**		
Viking River	25	Kwinana (domestic)/Yara	17-18 June (Dampier)
Nordic River	25	South Korea (Yosu)/Yara on behalf of Mitsubishi	21-23 June (Dampier)
Viking River	25	Kwinana (domestic)/Yara	25 June (Dampier)
JULY	**50**		
Viking River	25	South Korea (Yosu)/Yara	Arrived 4 July, waiting to load (Dampier)
Nordic River	25	TBC/Yara	16 July (Dampier)

INDONESIA: The latest ammonia loading schedule for Indonesian ports is below.

INDONESIA: 2016 AMMONIA EXPORT SHIPMENTS			
Vessel	**'000 t**	**Destination/Supplier**	**Load Date/Port**
MAY	**154.1**		
JUNE	**80.6**		
Gaschem Dollart	2.3	Vietnam (Haiphong)/Mitsui	2-3 June (Palembang)
Gaz Millennium	15	Thailand (Map Ta Phut)/Mitsui	3-4 June (Bontang)

Gaz Millennium	15	South Korea (Incheon) & Japan (Nagoya & Mizushima)/Mitsui	14-16 June (Bontang)
SCF Tobolsk	15	China (Caojing)/Trammo	15-17 June (Bontang)
Gaz Serenity	15	South Korea (Ulsan)/Mitsui	16-17 June (Bontang)
Bunga Kemboja	16	South Korea (Ulsan)/Trammo-Petronas swap	29-30 June (Bontang)
Gaschem Dollart	2.3	Taiwan (Taichung)/Mitsui	29-30 June (Palembang)
JULY	**83**		
Gaz Serenity	15	China (Caojing)/Mitsui	3-4 July (Bontang)
SCF Tobolsk	23	S. Korea (Ulsan & Yosu)/Trammo	3-5 July (Bontang)
Gaz Millennium	15	Taiwan & Japan (Nagoya & Mizushima)/Mitsui	6-7 July (Bontang)
Gaz Serenity	15	TBC/Mitsui	2-half July (Bontang)
Gaz Millennium	15	TBC/Mitsui	2-half July (Bontang)

MALAYSIA: The *SCF Tomsk* is expected to arrive at Kerteh tomorrow, 8 July, to load 10,000 t ammonia purchased by Trammo on a fob basis under formula.

The latest ammonia loading schedule for Malaysian ports is below.

MALAYSIA: 2016 AMMONIA EXPORT SHIPMENTS			
Vessel	**'000 t**	**Destination/Supplier**	**Load Date/Port**
MAY	**33**		
JUNE	**16.5**		
Bunga Kemboja	16.5	Thailand (Map ta Phut)/Petronas	17-19 June (Kerteh)
JULY	**10**		
SCF Tomsk	10	TBC/Trammo	8 July (Kerteh)

MARKETS

AFRICA

MOROCCO: Trammo delivered a part cargo of around 10,000 t for **OCP** on the *Navigator Grace* around 1-3 July.

The *Gas Cobia* is due in Jorf Lasfar tomorrow, 8 July with a full cargo of the Black Sea ammonia from Ameropa.

The *Cambridge* will deliver ammonia purchased by OCP directly from a Black Sea producer into Jorf Lasfar around 11 July.

It appears that the 40,000 t ammonia capacity vessel, the *Clipper Sky* loaded in Donaldsonville, United States on 3-5 July and is destined for Jorf Lasfar with eta 19 July.

The latest line-up for ammonia deliveries into Morocco:

MOROCCO: KNOWN 2016 AMMONIA IMPORTS			
Vessel	**'000 t**	**Supplier/Origin**	**Discharge**
JUNE	**69.4**		
JULY	**96.4**		
Navigator Grace	10	Trammo/ex-Algeria	1-3 July
Gas Cobia	23.4	Ameropa/Yuzhnyy	8 July
Cambridge	23	OCP/ex-Yuzhnyy	11 July
Clipper Sky	40	TBC/ex-CF Donaldsonville (US)	19 July

AUGUST	**23**		
Cambridge	23	TBC	1-half August

SOUTH AFRICA: According to customs' data, 10,702 t of Trinidad ammonia have been delivered to South Africa in May. The total imports for January-May reached 54,505 t, which is 12,252 t or 29% higher than the 42,253 t which arrived during the same time last year. (Source: GTIS/South African Revenue Service).

TUNISIA: Ameropa's vessel the *Gas Grouper,* which arrived at Gabes around 29 June, discharged ammonia for **GCT** with a couple of days' delay on 1-2 July.

The latest known ammonia deliveries into Gabes:

TUNISIA: KNOWN 2016 AMMONIA IMPORTS			
Vessel	**'000 t**	**Supplier/Origin**	**Discharge**
MAY	**25**		
JUNE	**0**		
JULY	**23.4**		
Gas Grouper	23.4	Ameropa/Yuzhnyy	1-2 July

EUROPE

BELGIUM: Yara delivered 8,000 t ammonia to **BASF** at Antwerp yesterday, 6 July to cover the second spot deal concluded between the parties.

BASF will receive a cargo of Trinidad ammonia from PCS on the *Libramont* around 17 July. The latest schedule of known ammonia arrivals into Antwerp in June and July so far is tabulated below.

BELGIUM: KNOWN 2016 AMMONIA IMPORTS			
Vessel	**'000 t**	**Supplier/Origin**	**Discharge**
MAY	**118.2**		
JUNE	**80.2**		
Gas Cobia	23.4	Ameropa/Black Sea	7 June
Sombeke	25.4	PCS/Trinidad	18 June
Gas Manta	23.4	Ameropa/Black Sea	25-26 June
Temse	8	Yara/United Kingdom	29 June
JULY	**56.8**		
Gas Manta	23.4	Ameropa/Baltic	5 July
Temse	8	Yara/Netherlands	6 July
Libramont	25.4	PCS/Trinidad	17 July

NETHERLANDS: **Fibrant** announced force majeure on 4 July on caprolactam deliveries due to technical issues at both of its production units at Geleen, forcing production to be curtailed until the situation is resolved.

MEDITERRANEAN

TURKEY: Recently agreed delivered prices into Turkey are reported to be somewhere around $285-290 cfr mark.

Petkim is understood to have concluded 6,000 t purchase from Trammo for end July or early August delivery.

Igsas is understood to have concluded, also with Trammo, for 10-13,000 t ammonia delivery at the end of July.

ASIA/OCEANIA

INDIA: West Coast - Sabic's vessel, the *Rose Gas* has delivered 4,000 t to **Deepak Fertilisers** at the JNPT terminal in Mumbai on 3 July and 15,000 t to **GSFC** at Sikka on 5 July.

Trammo's vessel, the *Sylvie* will deliver 8,000 t to **Deepak Fertilisers** at the JNPT terminal in Mumbai on 7 July. The price is heard to be in the mid-$370 cfr level.

Ameropa's vessel the *Clipper Odin* is expected to deliver around 23,000 t of ammonia to **Iffco** at Kandla at the end of July.

West and/or East Coast – Last week we reported that Muntajat's vessel the *Gas Columbia* was due to deliver 12,000 t ammonia to **CIL** during the 1-half of July. It is now understood that this vessel has delivered 7,000 t to **Greenstar** at Tuticorin on 4 July and will now deliver 5,000 t to CIL at Vizag on 8 July and 8,500 to CIL at Kakinada followed by 4,500 t to **Zuari** at Goa on 15 July.

Last week we reported that **Iffco** bought around 23,000 t ammonia at $350 cfr level. It is now understood that the supplier is Trammo and that the cargo will be sourced from Turkey and delivered to Iffco at Paradeep on the *Anafi*.

East Coast – CIL bought around 23,000 t ammonia from Trammo for arrival from Indonesia at the end of July. Vessel is yet to be nominated.

The *Gas Line* is delivering 10,000 t to CIL, of which 5,500 t has been discharged at Kakinada around 6 July and 4,500 t will be delivered to Vizag on 8 July.

The final ammonia arrivals table for June and the list of known July deliveries into Indian ports so far is tabulated below:

Buyer/Location	Supplier	'000 t	$/t cfr unless stated	Discharge	Vessel
MAY		**209.4**			
JUNE		**179.3**			
West Coast		**85.9**			
Iffco/Kandla	Fertrade-Ameropa/ ex-Black Sea	25.4	n/a	16 June	*Clipper Odin*
GSFC/Sikka	Sabic/S. Arabia	15	~$380	31 May-1 June	*Rose Gas*
Hindalco/Dahej	Muntajat/Qatar	8	l-t contract	9 June	*Gas Columbia*
Deepak Fertilisers/ JNPT-Mumbai	Sabic/S. Arabia	6	~$380	3 June	*Rose Gas*
Deepak Fertilisers/ JNPT-Mumbai	Transagri/ex-Iran	6	$360	16-17 June	*Everrich 6*
Zuari/Goa	Muntajat/Qatar	4.5	l-t contract	10-11 June	*Gas Columbia*
MCFL/Mangalore	Muntajat/Qatar	10.5	l-t contract	12 June	*Gas Columbia*
MCFL/Mangalore	Muntajat/Qatar	10	l-t contract	27-28 June	*Almarona*
East Coast		**93.9**			
Greenstar/Tuticorin	Muntajat/Qatar	6.4	l-t contract	4 June	*Almarona*
Greenstar/Tuticorin	Muntajat/Qatar	5	l-t contract	25-26 June	*Almarona*
CIL/Ennore	Muntajat/Qatar	4.5	n/a	18 June	*Gas Columbia*
CIL/Kakinada	CIFC-Raintrade/ex-Iran	8	l-t contract	9 June	*Gas Line*
CIL/Kakinada	Muntajat/Qatar	3.5	n/a	16 June	*Gas Columbia*
CIL/Kakinada	CIFC-Raintrade/ex-Iran	11.5	l-t contract	19-22 June	*Gas Cat*
CIL/Kakinada	Trammo/ex-Black Sea	18.5	n/a	22-25 June	*Sylvie*
CIL/Vizag	Muntajat/Qatar	9	l-t contract	8 June	*Almarona*
CIL/Vizag	CIFC-Raintrade/ex-Iran	7	l-t contract	18-19 June	*Gas Cat*
CIL/Vizag	Trammo/ex-Black Sea	5.5	n/a	22-25 June	*Sylvie*

PPL/Paradeep	CIFC-Raintrade/ex-Iran	15	l-t contract	6 June	*Gas Line*
JULY		**212.5**			
West Coast		**67.5**			
Iffco/Kandla	Trammo/ex-Trinidad	7.5	Mid/high $360s	2 July	*Sanko Independence*
Iffco/Kandla	Ameropa/ex-Black Sea	23	n/a	End July	*Clipper Odin*
GSFC/Sikka	Sabic/S. Arabia	15	n/a	5 July	*Rose Gas*
Deepak Fertilisers/ JNPT-Mumbai	Transagri/ex-Iran	5.5	n/a	1-2 July	*Everrich 6*
Deepak Fertilisers/ JNPT-Mumbai	Sabic/S. Arabia	4	$380	3 July	*Rose Gas*
Deepak Fertilisers/ JNPT-Mumbai	Trammo/ex-Bangladesh	8	Mid-$370s	7 July	*Sylvie*
Zuari/Goa	Muntajat/Qatar	4.5	l-t contract	15 July	*Gas Columbia*
West and/or East Coast		**15**			
TBC	Muntajat/Qatar	15	l-t contract	July	*Almarona*
East Coast		**130**			
Greenstar/Tuticorin	Muntajat/Qatar	7	l-t contract	4 July	*Gas Columbia*
PPL/Paradeep	CIFC-Raintrade/ex-Iran	10	n/a	7 July	*Gas Line*
PPL/Paradeep	Dreymoor/ex-Black Sea	12	Mid-$340s w120d	2-half July	*Gaschem Stade*
CIL/Kakinada	CIFC-Raintrade/ex-Iran	5.5	n/a	6 July	*Gas Line*
CIL/Kakinada	Muntajat/Qatar	8.5	l-t contract	10 July	*Gas Columbia*
CIL/Vizag	Muntajat/Qatar	5	l-t contract	8 July	*Gas Columbia*
CIL/Vizag	CIFC-Raintrade/ex-Iran	8	n/a	6 July	*Gas Line*
CIL/TBC	Dreymoor/ex-Black Sea	11	n/a	2-half July	*Gaschem Stade*
Iffco/Paradeep	Trammo/ex-Turkey	23	$350	2-half July	*Anafi*
Iffco/Paradeep	Ameropa/ex-Black Sea	40	n/a	8 July	*Clipper Mars*

JAPAN: Ammonia imports in May were, at 12,738 t sourced entirely from Indonesia and brought the total imports for January-May to 88,426 t, down by 7,401 t or 7.7% y-o-y from 95,827 t in the corresponding period of 2015. (Source: GTIS/Japan Ministry of Finance)

Provisional figures for May show production of 66,818 t of ammonia, down from the revised April figure of 86,106 t.

SOUTH KOREA: The *Nordic River* has completed the discharge of ammonia for **Namhae** on behalf of Mitsubishi.

Next for Namhae will be the *SCF Tobolsk*, currently en-route to Ulsan and after that the *Viking River* from Yara, which is currently in Dampier, Australia waiting to load.

Mitsubishi will reportedly deliver a cargo of US ammonia to Namhae in August.

LFC reports its latest delivered contract prices to be in the $351-364 cfr range.

The *Bunga Kemboja* is expected to arrive at Ulsan for LFC tomorrow, 8 July on account of Trammo. The vessel loaded Indonesian ammonia from Bontang.

Trammo will deliver another cargo to LFC on the *SCF Tobolsk*, also from Indonesia, around 11 July. The vessel will discharge part cargo of around 13,000 t in Ulsan around 11 July before delivering the balance to Yosu for Namhae.

Sabic will deliver a full cargo of Saudi ammonia for LFC around 16 July on the *Al Barrah*.

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

Buyer/Location	Supplier	'000 t	Discharge	Vessel
MAY		**89.4**		
JUNE		**79.5**		
Namhae/Yosu	Yara/ex-Malaysia	16.5	5-8 June	*Bunga Kemboja*
Namhae/Yosu	Yara/Australia	25	11-12 June	*Nordic River*
LFC*/Ulsan	Sabic/S. Arabia	23	3 June	*Al Barrah*
LFC*/Ulsan	Mitsui/ex-Indonesia	15	24-25 June	*Gaz Serenity*
Hanwha/Incheon	Mitsui/ex-Indonesia	7?	22-23 June	*Gaz Millennium*
JULY		**112**		
Namhae/Yosu	Mitsubishi/ex-Australia	25	3-6 July	*Nordic River*
Namhae/Yosu	Trammo/ex-Indonesia	10	15 July	*SCF Tobolsk*
Namhae/Yosu	Yara/Australia	25	2-half July	*Viking River*
LFC*/Ulsan	Trammo/ex-Indonesia	16	8 July	*Bunga Kemboja*
LFC*/Ulsan	Trammo/ex-Indonesia	13	11 July	*SCF Tobolsk*
LFC*/Ulsan	Sabic/S. Arabia	23	16 July	*Al Barrah*
AUGUST		**76**		
Namhae/Yosu	Mitsubishi/ex-USA	23	August	*TBC*
LFC*/Ulsan	Koch/ex-TBC	22	Early August	*Clipper Orion*
LFC*/Ulsan	Trammo/ex-TBC	10	1-half August	*TBC*
LFC*/Ulsan	Mitsui/ex-TBC	5	August	*TBC*
LFC*/Ulsan	Mitsubishi/Malaysia	16	End August	*TBC*
* Lotte Fine Chemical				

NORTH AMERICA

UNITED STATES: In the domestic market for direct ammonia application, new sales of ammonia are seasonally slow throughout the Midwest. Wholesalers in the centre and east of North Dakota and centre and south Minnesota report that corn looks in excellent condition. A few loads of ammonia went to dealer storage in central Illinois. Light volume ammonia moved to dealer storage in south-central Oklahoma.

The activity is scarce as the spring season winds down. The fall in corn prices has reportedly negatively affected farmer attitudes. The cornbelt has received timely and generous rains during the tasseling period which is very positive for yields.

LATIN AMERICA

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

Vessel name	Supplier	'000 t	Origin	Discharge date/ Estimated arrival
MAY		**15.4**		
JUNE		**31.4**		
Almajedah	Yara	15.4	Trinidad	6-7 June
Marola	Yara	16	Trinidad	26-27 June
JULY		**15**		
Navigator Galaxy	Yara	15	Trinidad	5 July

CHILE: According to customs' data, ammonia imports into Chile during January-May 2016 reached 143,462 t, down by 14,944 t or 9.4% y-o-y from the 158,406 t which arrived during the first five months of 2015. Monthly imports in May were, at 23,350 t sourced from Brazil (16,343 t) and France (7,007 t) and show a m-o-m decline of 1,651 or 6.6% from the 25,001 t in April. (Source: GTIS/Chile Customs – Servicio Nacional de Aduana)

COMPANY NEWS

SWITZERLAND / BRAZIL: **EuroChem Group AG** announced on 6 July the acquisition of a controlling interest (50%+1 share) in **Fertilizantes Tocantins**, a leading fertilizer distribution company in Brazil. The deal is subject to regulatory approval and expected to be concluded by the end of August 2016.

The acquisition is in line with EuroChem's strategy to strengthen its presence in the fast growing Latin American fertilizer market. With Fertilizantes Tocantins' market expertise, blending facilities and established network of 2,000 customers, this acquisition will strengthen EuroChem's capabilities in the region.

Founded in 2003, Fertilizantes Tocantins is strategically located in Brazil's emerging fertile farming regions in the north, northeast and mid-west. It has delivered double digit sales growth for seven consecutive years, with fertilizer sales reaching 740,000 t in 2015.

Under the terms of the acquisition, Mr José Eduardo Motta, Fertilizantes Tocantins' owner, will retain a significant interest in the venture whilst continuing to serve as CEO overseeing operational management and the strategic growth of the business. Financial details of the deal remain undisclosed.

Dmitry Strezhnev, EuroChem's CEO, commented: "The acquisition of Fertilizantes Tocantins creates compelling growth opportunities for EuroChem in Brazil, allowing us to significantly expand our offering of high-quality fertilizers to local farmers. With José Eduardo continuing as CEO, we are well placed to tap into Brazil's fast-growing fertilizer market."

José Eduardo Motta, Fertilizantes Tocantins' CEO, added: "With this backing from EuroChem, such an established global fertilizer producer, we are confident in our ability to significantly increase our market share in Brazil."

CANADA / UNITED STATES: **Agrium Inc** announced on 6 July a binding purchase agreement between its Crop Production Services and Cargill AgHorizons (US) for the acquisition of 18 Ag-retail locations with annual revenues of over $150 million. The outlets are located across the northern US Corn Belt region, in the states of Nebraska, South Dakota, Minnesota, Wisconsin, Michigan and Indiana.

"This acquisition demonstrates our continued focus on growing our North American Ag-retail business, particularly in the highly desirable US Corn Belt. The locations are in regions where we currently have a limited presence. This acquisition will allow us to capitalize on synergies related to the introduction of our proprietary products and services, and leveraging our extensive distribution network," commented Agrium's President and CEO, Chuck Magro. "We welcome the Cargill Ag-retail employees to the Agrium family and are excited to bring our agronomic expertise and quality products and services to growers in this important agricultural region," added Mr Magro.

Roger Watchorn, group leader of Cargill's North American agricultural supply chain, said: "Cargill will focus on being the world's leading merchant of grain and oilseeds. We remain steadfast in our commitment to help farmers succeed by ensuring they remain competitive in the global market and being as efficient as possible in getting products from origins to destinations."

The sale does not involve Cargill's Canadian crop input retail business. The transaction is subject to customary closing conditions and regulatory clearances and is expected to close by the end of Q3 2016.

SHIPPING

Trammo has chartered the *Anafi* for a period of at least a couple of months. The vessel lifted its first ammonia cargo for the trader yesterday, 6 July from Turkey for delivery to India. *Anafi*, which has been built in 2009 and is part of the Eletson fleet, has been serving LPG market for quite some time and has around 23,000 t ammonia capacity.

NATURAL GAS / COAL

QUICK GLANCE (change from last week)

Henry Hub (day ahead): $2.80 (down) TTF: €14.03 (down) Brent: $48.80 (down)

WEST EUROPE: The NBP day-ahead price closed at 34.25 p/therm on 6 July down from 34.65 p/therm on 29 June. A price of 34.25 p/therm equates to $4.51/mmBtu at the £/$ exchange rate of 1:1.31588 from 6 July. The decline in the price in dollars reflects the depreciation of sterling, which has followed the Brexit vote on 23 June. Last week the dollar price was $4.61.

The August 2016 contract on ICE natural gas futures for the NBP closed at 34.97 p/therm on 6 July down from 35.02 p/therm on 29 June. The average 6-month forward strip (Aug 2016-Jan 2017 2016) is 41.26 p/therm, which equates to $5.43/mmBtu at the £/$ exchange rate of 1:1.31588 from 6 July.

The Dutch TTF day-ahead price closed at €14.03/MWh on 6 July down from €14.32/MWh on 29 June, 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 €14.03/MWh equates to $4.57/mmBtu at the exchange rate of €/$ 1:1.11256 on 6 July. In the first days of July, the TTF day-ahead average is estimated at $4.60/mmBtu, which compares with $4.76/mmBtu in June and $4.33/mmBtu in May. The April average was $4.01/mmBtu, up slightly from March at $3.99/mmBtu.

The average six-month ICE futures price for TTF for Aug 2016-Jan 2017 is €15.75/MWh on 6 July, and equating to $4.81/mmBtu using the €/$ exchange rate of 1:1.11256 from 6 July.

Crude – The Brent crude oil contract for September 2016 settled at $48.80/bbl on 6 July down from $51.32/bbl on 29 June. The average price for the 3-month strip (Sep-Nov 2016) is $49.35/bbl, while the 12-month average (Sep 2016-Sep 2017) is $51.79/bbl.

In its June Short-term Energy Outlook (STEO), the EIA is forecasting Brent crude oil prices to average $43/bbl in 2016 (up $2 from the May report) and $52/bbl in 2017 (up $11 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 September 2016 delivery that were traded during the five-day period ending June 2 averaged $50/b, and implied volatility averaged 35%. These levels established the lower and upper limits of the 95% confidence interval for the market's expectations of monthly average WTI prices in September 2016 at $36/b and $69/b, respectively. The 95% confidence interval for market expectations widens over time, with lower and upper limits of $31/b and $83/b for prices in December 2016", the report reads.

GERMANY / QATAR: German utility company RWE announced on 2 July that it has signed a deal with Qatargas for deliveries of LNG over a period of seven and a half years. While financial details of the agreement were not disclosed, it said that Qatargas will deliver up to 1.1 million t/y of LNG to RWE Supply & Trading (RWEST). Chief Commercial Officer at RWE Supply & Trading, Andree Stracke, commented: "This agreement enhances the diversity of RWE's European gas portfolio." The LNG will be supplied from Qatargas 3, a joint venture between Qatar Petroleum, ConocoPhillips and Mitsui & Co. Ltd. Qatargas chartered Q-Flex LNG vessels will deliver the LNG to RWEST in North West Europe.

EUROPEAN UNION / UNITED STATES: After one LNG cargo from Cheniere Energy's Sabine Pass terminal in the US has already reached Portugal in 2-half April, a second one is reportedly en route to Spain at present. The eta of the cargo onboard the *Sestao Knutsen* is 22 July at the El Ferrol import terminal on the Atlantic coast in north-western Spain in the province of Galicia after having loaded on 30 June-1 July in Louisiana.

According to local press reports, the vessel is controlled by Royal Dutch Shell and has the capacity to carry 138,000 cubic metres of LNG.

UKRAINE: In the January-May 2016 period, Ukraine's oil production fell to 673,400 t, a drop of more than 12% y-o-y, according to a source at the Energy and Coal Industry Ministry. Meanwhile, output of gas condensate also fell, reaching 265,000 t, down nearly 6% on the year. The below table summarises the output figures for Naftogaz companies and the y-o-y development of these figures, while additional information on other companies is provided below this table.

NAFTOGAZ' OIL AND GAS CONDENSATE OUTPUT AND Y-O-Y CHANGES (JAN-MAY 2016)		
	Oil	**Gas condensate**
Total Naftogaz, of which…	653,100 t (-10.0%)	195,100 t (-7.8%)
… Ukrnafta	*608,800 t (-9.9%)*	*30,500 t (-33.6%)*
… Ukrgazvydobuvannia	*44,300 t (-10.9%)*	*164,600 t (-0.6%)*
… other companies	*20,300 t (-51.1%)*	*69,900 t (+0.1%)*

PrJSC Naftogazvydobuvannia produced 21,820 t of oil with gas condensate (up 35.2% y-o-y), PrJSC Natural Resources decreased output by 7.4% to 17,863 t, JV Poltava Petroleum Company produced 16,946 t (up 12.1%), PrJSC Ukrnaftoburinnia 9,942 t (down 34.6%), Regal Petroleum 4.741 million cubic meters (down 7.8%), PrJSC Davon 3,448 t (up 39.1%), Boryslavska Oil Company LLC 3,267 t (down 32.2%), Eastern Geology Union LLC 2,210 t (up 4.6%), Systemoilengineering LLC – 2,067 t (a rise of 100%), ESKO-Pivnich LLC 328 t (a fall of 1.3%), KUB-Gas 1,560 t (down 6.9%) and PrJSC Ukrgazvydobutok 1,492 t (down 7.4%).

CHINA: Thermal coal prices at Qinhuangdao for the 5,500kcal grade rose this week to Rmb410-420/t (around $62.20/t) compared with Rmb395-405/t (around $60.15/t) last week. The average price in June is estimated at Rmb398/t ($60.34/t) compared with a May average of Rmb390/t ($59.78/t) which was flat, at least in Rmb-terms, against the April average of Rmb390/t ($60.22/t). The March average was Rmb389/t ($59.72/t). The June average compares with Rmb415/t ($67.66/t) in the same month last year.

AUSTRALIA: The Newcastle market for Q4 2016 is $60.75/t up from $58.35/t last week; Q1 2017 is $61.85/t; 2017 is $60.15/t up from $57.80/t; 2018 is $59.85/t against $58.35/t last week; and 2019 is $59.80/t.

On 1 July, Chevron suspended **LNG** production at its Gorgon plant after a leak, but emphasised that it remained on track to make a second shipment "in the coming days". Minor repair works on the low pressure flare system at the acid gas removal unit was said to be undertaken before the facility would resume output. The work is scheduled to last around one week.

The $54 billion Gorgon project was also briefly taken down in April following technical problems, shortly after starting up first production. Production capacity will be 15.6 million t/y once all three production trains are operating.

Chevron holds a 47.3% stake in the Gorgon project, while ExxonMobil and Shell own 25% each, Osaka Gas holds 1.25%, Tokyo Gas holds 1% and Chubu Electric Power owns less than 0.5%.

UNITED STATES: The Henry Hub day-ahead price closed at $2.80/mmBtu on 6 July down from a price of $2.86/mmBtu on 29 June. After firming in the past couple of weeks on the back of strong anticipated summer demand for cooling purposes, prices have dropped this week amid high production data, which seems to have rebounded since the beginning of July, and the most-recent weather forecasts, which call for somewhat slower demand in the summer months than previously expected.

In June, the Henry Hub has averaged $2.55/mmBtu, against a May average of $1.92/mmBtu, and against April at $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 August 2016 contract settled at $2.786/mmBtu on 6 July down from the 2.863/mmBtu on 29 June. The average for the next three months –Aug-Oct 2016 – is $2.794/mmBtu compared with $2.872/mmBtu last week, while the average for the next 12 calendar months (Aug 2016-Aug 2017) is $3.080/mmBtu against $3.092/mmBtu.

The EIA Weekly Natural Gas Storage Report for the week ending 24 June showed an implied net injection of working gas stocks into underground storage of 42 bcf. The net injection compares with a median expectation of market analysts of a net injection of 45-46 bcf. It further compares with the year-ago injection of 73 bcf and the five-year-average injection of 78 bcf. Natural gas stocks on 24 June were 3,140 bcf, including a non-flow-related adjustment, which may occur due to reclassifications from base to working gas, for instance. The figure of 3,140 bcf is 561 bcf (22%) *above* a year ago and 637 bcf (25%) *above* the five-year average.

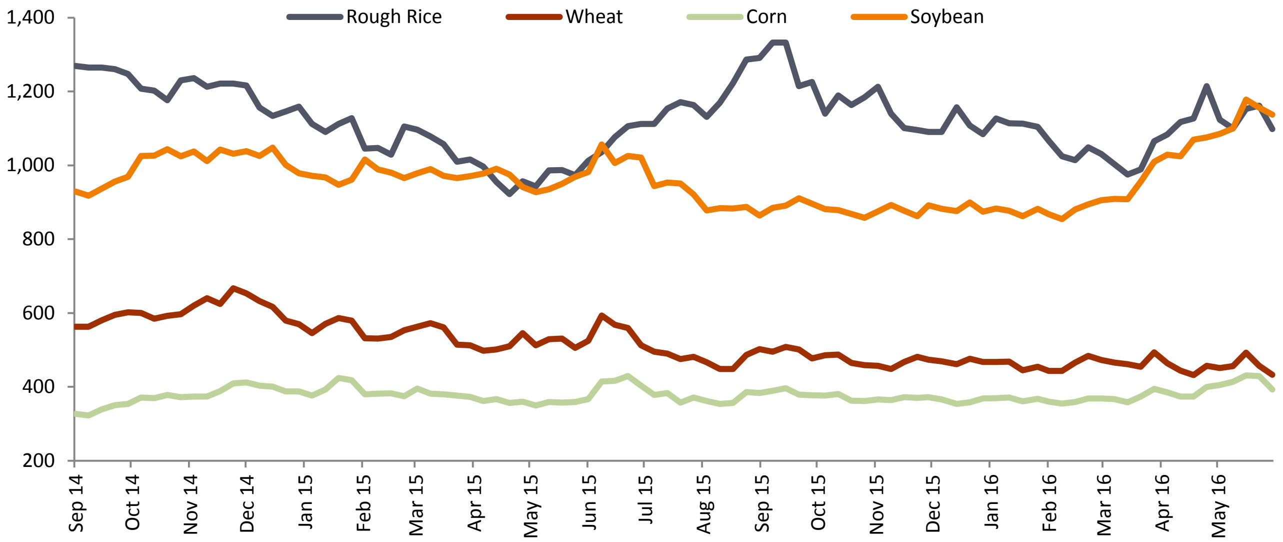
In its June Short-term Energy Outlook (STEO), EIA expects the Henry Hub natural gas spot price to average $2.22/mmBtu in 2016 (down from $2.25/mmBtu in the May report) and $2.96/mmBtu in 2017 (down from $3.02/mmBtu in the prior report), having averaged $2.63/mmBtu in 2015.

Regarding the WTI, the CME August 2016 contract closed at $47.43/bbl on 6 July down from $49.88/bbl on 29 June. The forward 3-month strip (Aug-Oct 2016) is $48.11/bbl against $50.54/bbl last week, while the 12-month forward average (Aug 2016-Aug 2017) is $50.37/bbl compared with $52.51/bbl.

US coal – The CAPP August 2016 contract closed at $39.50/ston on 6 July flat on the week. The 3-month forward strip (Aug-Oct 2016) is also flat at $39.63/ston, while the Aug-Dec 2016 forward average is stable on the week at $39.73/ston.

AGRICULTURE

WEEKLY CBOT CROP PRICES (¢/BU)



CROP FUTURES

CME CROP PRICES (cents/bushel)					
Product	**Q3 2016**	**Weekly Change**	**Q4 2016**	**Q1 2017**	**July 2015**
Corn	341.4	-36.2	348.2	357.6	416.2
Wheat	414.6	-4.9	438.6	455.2	568.2
Soybean	1,101.4	-21.6	1,073.2	1,072.0	1,006.2
Rough Rice	1,059.0	-31.0	1,086.5	1,111.0	1,076.5

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

CORN:	**WHEAT:**
Corn futures sank to a 2 year low as wet weather hit the US Midwest, easing the summer drought which had support the recent rally. More rain in dry areas is expected.	Wheat closed weaker again this week due to favourable US harvest progress and good crop conditions. The USDA's recent report showed wheat in a positive condition, adding pressure.
SOYBEAN:	**RICE:**
Good weather and excelling crop conditions in the US weighed on soybean futures – weakness was exacerbated by strong ratings last week from the USDA.	Another bad week for rice farmers with futures further deteriorating, partly due to spill over from weakness in other crops but also due to the excess supply situation.

FAO-OECD OUTLOOK

GLOBAL: Taking into consideration the discrepancy between projected global grain output and grain demand – and factoring in burgeoning grain inventory levels – the FAO and OECD expect crop prices to remain at relatively low levels in the short-term as well as over the next decade.

"Large stocks, low oil prices and a strong US dollar are likely to keep prices under pressure in the short run. Against this background, only radical or sudden changes in demand or supply are likely to alter the short-term outlook" the agencies said in the OECD-FAO Agricultural 2016-2025 report published on 4 July.

Global grain production is projected to increase by 12% by 2025 period compared to average output between 2013 and 2015. This increase is mainly driven by yield improvements, with limited area expansion, outlined the report. World trade in grains is projected to increase to 417 million t, up 10% from 2013-2015 to 2025.

In the medium-term nominal prices of wheat and coarse grains are projected to be primarily cost driven, increasing in nominal terms but not by enough to keep pace with inflation, which will likely result in slight declines in real terms.

On the demand side, developments in the fastest growing economies are also set to have more profound implications for trade as well as demand changes in China and their timing of releasing corn stocks creating a key uncertainty during the projection period.

REGIONAL MARKETS

FRANCE: France's soft wheat harvest will reach 37.26 million t this year, down by just over 9% from the record crop produced in 2015, according to the agricultural consultancy, Agritel. In its first estimate for this year, Agritel pegs the average yield at 7.09 t per hectare, down 10.4% from last year and 3.9% lower than the five-year average.

But a rise in area to an 80-year high - some 5% above the average for the past five years - will partly compensate for the drop in yields to the extent that this year's output will be up 0.8% on the average.

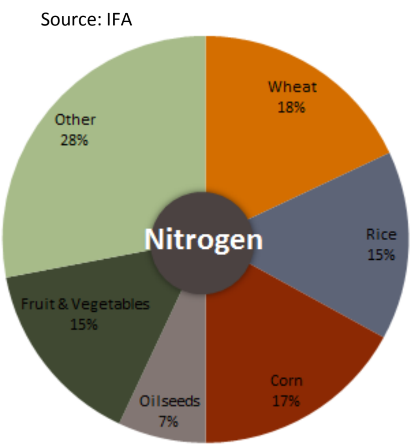
GLOBAL: The International Grains Council (IGC) raised its forecast for the 2016/17 world wheat crop in its latest report indicating that recent rains had helped increase volumes.

"Ample rains in recent months have improved wheat and barley prospects in a number of regions, particularly in Europe, the CIS (former Soviet Union) and North America, although concerns have arisen about below-average quality," the IGC said its report.

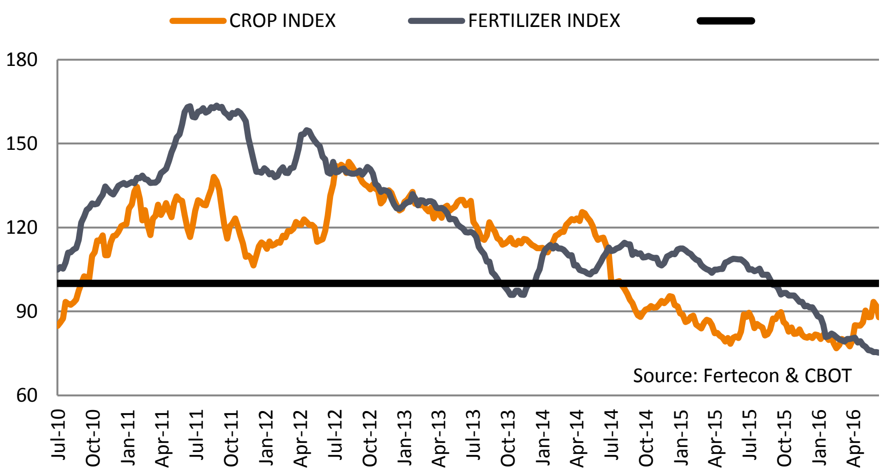
The Council projected a wheat crop of 729 million t, up 7 million t from the previous month's forecast but still below last season's 736 million t. The forecast for global grain stocks at the end of the 2016/17 season was raised by 8 million t to a record 482 million t, up from the previous year's 467 million t.

World corn production in 2016/17 was seen at 1.003 billion t, unchanged from a month earlier but above the previous season's 969 million t. The IGC also kept its forecast for the 2016/17 soybean crop unchanged at 320 million t, rebounding from the previous season's 312 million t and equalling production in 2014/15.

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.

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FERTECON AMMONIA REPORT is published weekly by:
FERTECON, Agribusiness Intelligence, Informa UK Ltd., Christchurch Court, 10-15 Newgate Street, London, EC1A 7AZ, UK.

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