

21 July 2016

- NOC/Libya is considering issuing an export tender next week
- More NW Europe liquid sulphur prices fall into place
- Various shipments from Black Sea identified for China, increasing crushed lump supply
- MMTC/India issues import tender for 10,000 t sulphur, closing 20 July
- Rumours of granular sulphur sale to Tampa, Florida from Vancouver, Canada
- Mosaic/US begins to settle Q3 contracts, confirms solid sulphur purchase from Vancouver, Canada

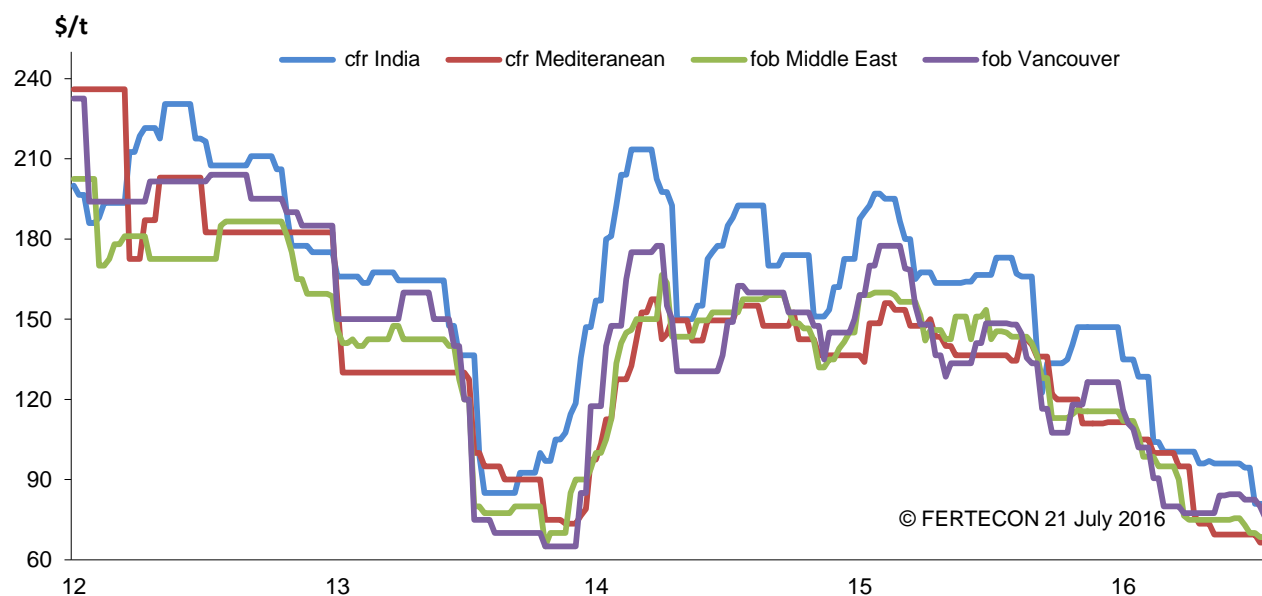
OUTLOOK

Soft

KEY PRICES

	21 July	14 July	7 July
Vancouver spot \$/fob	74-78	78-82*	80-85*
Middle East \$/fob	57-80	57-80	60-80
Med (inc. N.Africa) \$/cfr	60-73	60-73	60-79
North Africa cfr (contract) \$/cfr	60-73	60-73	60-79
Central Florida (liquid, LT) \$/deliv	65	70	70

SOLID SULPHUR PRICES



SULPHUR PRICE INDICATIONS ALL PRICES IN US\$

	21 July	14 July	7 July	
Fob prices				
Med cfr (includes N Africa)	60-73	60-73	60-79	Indicative
Med cfr (small lots N Africa)	60-72	60-72	71-75	Indicative
Med cfr (small lots other markets)	68-72	68-72	68-75	Indicative
North Africa cfr (contract)	60-73	60-73	60-79	Q3 contracts so far
Med fob (small lots)	50-62	50-62	52-62	Netback Indications
China cfr	60-79	65-80	67-82	
China cfr spot	60-79	65-80	67-82	
India cfr	79-83	79-83	79-83	
Brazil cfr	76-80	78-80	78-80	Spot/Q3 contracts
Vancouver fob contract	74-78	78-82*	80-85**	Indicative Netbacks
Vancouver fob spot	74-78	78-82*	80-85**	Indicative Netbacks
California fob	74-78	78-82*	80-85**	Indicative Netbacks
Middle East fob	57-80	57-80	60-80	Full ME price range
Middle East fob contract	60-71	60-71	64-71	Q3 business so far
Middle East fob spot	57-63	57-69	60-72	
Tasweeq Qatar Sulphur Price (fob)	72	72	72	
Saudi Aramco monthly price (fob)	73	73	73	
Middle East – Adnoc (fob)	80	80	80	
Delivered prices				
NW Europe cpt	138-158	150-168	150-168	Q3 contracts so far
Delivered Benelux (refinery)	98-112	110-122	110-122	Q3 contracts so far
Tampa/Deliv.Cent.Fla (LT)	65	70	70	Q3 contracts so far
Cfr Houston (LT)	58	63	63	Q3 contracts so far
Galveston (LT) ex-tank	58	63	63	Q3 contracts so far

FERTECON PRICE DEFINITION

*corrected **no market - Prices in *italics* relate to previous period contracts still under negotiation

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

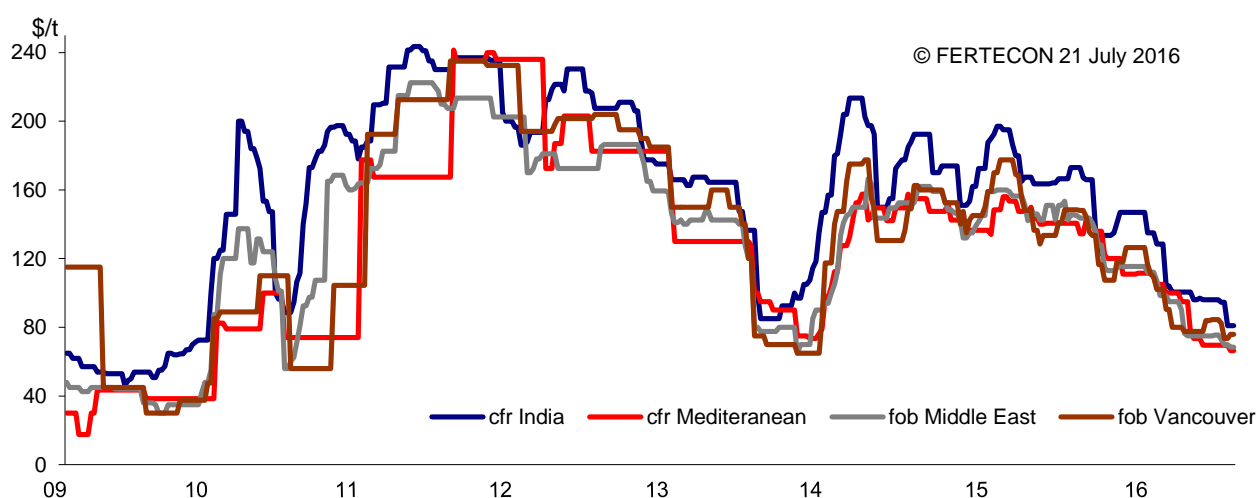
FREIGHT INDICATIONS US\$

Route	Cargo size (t)	Latest rate (\$/t)
Jubail – WC India	15-35,000	9-10
Middle East – EC India	15-30,000	12-13
Middle East – China	35,000	11-13
Jubail – Morocco	35,000	10-12
Vancouver – China	50-60,000	11-13

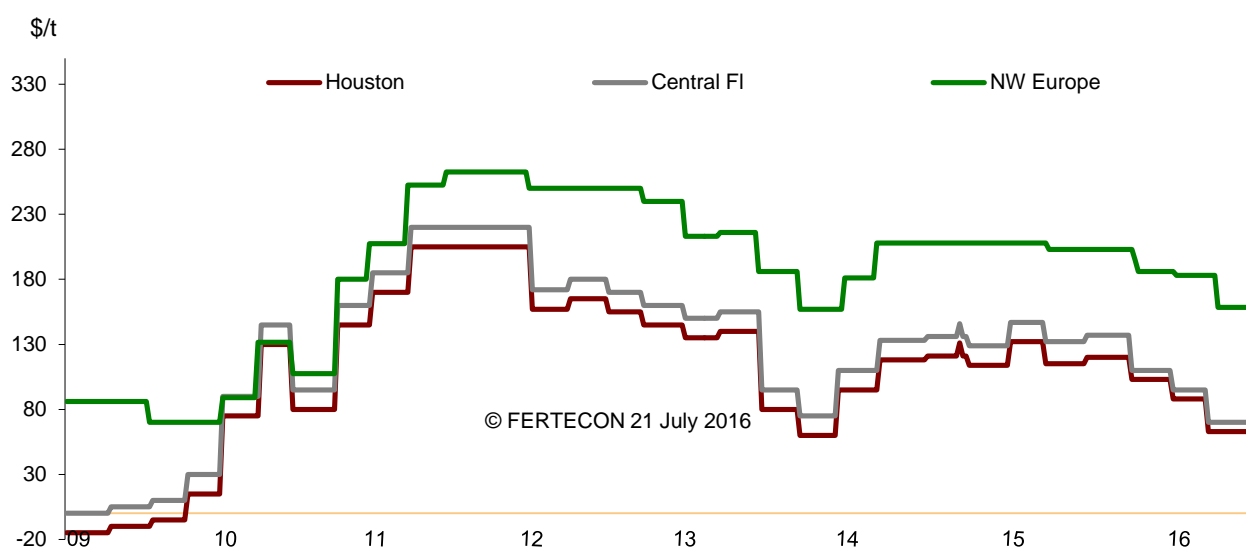
FERTECON TENDER SERVICE

Holder/Country	'000 t	Close	Load/Deliv.	Notes
Tasweeq/Qatar*	30	19 July	August	Award low/mid \$60s fob
IGCC/Iran* (crushed)	30	11 July	August	\$57 fob
Skorpion Zinc/Namibia	18	13 July	August	Rumours in the low \$80s cfr
Anglo/Brazil	35-37	Mid July	August/September	Mid \$70s cfr
FACT/India	15-25	1 August	September	
MMTC/India	10	20 July	August	
*sales tender				

SOLID SULPHUR PRICES



LIQUID SULPHUR PRICES



The full history of Fertecon's sulphur prices is available to view and download [via this link](#)

ANALYSIS

The main news this week has been Tasweeq's tender award rumoured in the low/mid \$60s fob and a granular sulphur purchase by Mosaic from Vancouver to Tampa. Historically Tasweeq used the bids it received against the tender to determine the market mood and then posted its monthly price announcement for the next month accordingly. Therefore, we can reasonably expect that the August QSP might be somewhere in the low/mid \$60s fob.

Chinese inventories are estimated at close to 1.9 million t, up from last week's 1.83 million t and this is making many observers cautious and there are few that are ready to commit to any fresh sales given the bearish sentiment and the many uncertainties facing the market. The highest price ideas for China this week were in the high \$70s cfr, down a notch from last week and there have been reports of liquid sulphur sales at or near \$60 cfr, which is down \$5/t on the low end of the range.

The domestic market has also softened somewhat and offers from the Dazhou warehouse went down too. Chinese refineries such as Gaochao Petrochemical, Shanghai Petrochemical and Zhenhai Petrochemical announced on 21 July that they are cutting the price of molten sulphur from their tanks by Rmb 30/t to Rmb 510 and Rmb 560, respectively. This is estimated to be equivalent to \$53-58/t, which will put further pressure on imported liquid sulphur prices.

In the global spot market, Anglo American is rumoured to have made an award under its latest purchase tender for 35-37,000 t in the mid \$70s cfr, presumably for a shipment from the US Gulf, which is estimated to net back to the very low \$60s fob. Indian buyers have now come to the market again hoping to take advantage of the falling prices and FACT, MMTC and RCF have all issued tenders for August or September deliveries.

On the contract front, most European contracts have now been settled lower than in Q2 and Mosaic has also agreed a reduction of \$5/t at \$65 delivered Tampa.

The news that Mosaic has bought a granular sulphur cargo from Vancouver has surprised many market observers as up until now the only Canadian sulphur that arrived in Tampa came in liquid form. This latest move by the buyer might mean the diversion of further tonnes away from the US in liquid form, a trend that started when Mosaic started up its new remelter (melting capacity: up to 1.5 million t/y). In the past Mosaic only bought liquid sulphur, much of which was railed to the buyer but it also received liquid sulphur in barges, trucks and seagoing vessels from a number of locations including Mexico and the domestic US market. However, Mosaic decided to diversify and built the melter to have leverage against increasing rail freight costs from Canada. Indeed, it appears that shipping the sulphur from inner Canada to Vancouver then crossing the Panama Canal is still cheaper than the estimated \$110 in rail freight overland. The lead time is estimated at about three weeks for both routes, but the cost advantage is clear considering that freight to Vancouver is estimated at about \$25/t from some of the closest gas refineries (although from further inland rail freight can be up to \$80-85/t) and sea freight from Vancouver to Tampa is in the low teens. There are also additional costs involved such as forming the sulphur, handling charges at the loading and destination terminals and finally remelting, amounting to another maybe \$20-30/t estimate by experts consulted for this short study.

How this will impact the domestic US and Canadian markets remains to be seen but there are various theories as to how this will play out. The refineries in Canada could choose to pour more sulphur into block, but it is costly and obtaining the necessary permits could take some time and any seller's preferred option is to move the sulphur off-site in whatever form. Therefore, we can reasonably expect that those sellers that have the ability and necessary capacity to granulate will do so and export the excess sulphur through Vancouver. The question is where that extra sulphur that Mosaic is not consuming will be sold to? Markets such as Australia, New Zealand, Chile and China are unlikely candidates as they are already covered under other contracts and there are closer and lower cost suppliers that can easily compete against Canadian sulphur. So we might see a situation where the sulphur that used to be railed to Tampa directly in liquid form will be shipped around North America through the Panama Canal as it is still cheaper than overland transportation.

For a more in-depth analysis and forecast, please subscribe to the Informa Sulphur Futures Report.

MARKETS

EUROPE

EUROPE: More liquid sulphur contracts have now fallen into place in NW Europe at a reduction compared with Q2. Direct settlements between sellers and major buyers that consume upwards of 200,000 t/y sulphur and take receipt of the sulphur in barges have been in the high \$90s whereas other consignments of different sizes were between \$100-112 delivered Benelux. The biggest buyers received a slightly larger discount given the volume they consume. The magnitude of the decrease for the cpt NWE range is similar, bringing prices to \$138-158 cpt NW Europe.

MEDITERRANEAN: Egyptian price indications are stable in the high \$60s to low \$70s cfr for granular and low/mid \$60s cfr for crushed lump. In Turkey indications for granular product are in the mid/high \$70s cfr.

ICL is understood to have mopped up a number of small lot cargoes in the Med including the following:

Three small lots from Greece in addition to a further small lot from Bulgaria and another from Italy. It has also purchased a cargo from Poland and is receiving a cargo from the Black Sea under contract with Austrofin.

The Ineos sulphuric acid plant in Northern Spain started up successfully last week after a scheduled maintenance shutdown that slightly overran. The plant is now running at full capacity.

AFRICA

SHIPPING: The following shipments are expected to arrive at various ports in Africa:

Origin	Destination	000 t	Vessel name	ETA
UAE	Tunisia	33	<i>Arrilah-I</i>	5 July
Qatar	South Africa	38	<i>Kibali</i>	23 July
Russia	Morocco	40	<i>Spar Virgo</i>	24 July
US	Morocco	35	<i>Ina-Lotte</i>	30 July
Poland	Morocco	25	<i>Resko</i>	19 July
Russia	Tunisia	35	<i>CY Thunder</i>	22 July
Kuwait	Tunisia	27	<i>Wajed</i>	17 July
Russia	Namibia	18	<i>Trapezitza</i>	26 June
Russia	Senegal	35	<i>CMB Yasmine</i>	31 July
Total		286		

MOROCCO: Final confirmation of OCP's Q3 contracts is still lacking but as reported last week some reductions have already been agreed. For more information please check last week's report.

OCP's new JPH-3 sulphur burner unit is expected to start up in Q1 2017.

NAMIBIA: It has emerged that the *Trapezitza* arrived in Luderitz on 26 June with about 18,000 t sulphur from Ust Luga against Skorpion Zinc's purchase inquiry.

SENEGAL: ICS is expected to receive the *CMB Yasmine* with about 35,000 t granular sulphur from Ust Luga, Russia on 31 July. This is understood to be against a previous purchase enquiry from ICS.

SOUTH AFRICA: Foskor is expected to receive about 30,000 t sulphur on the *Kibali* from Tasweeq. It is understood this shipment was bought under Tasweeq's tender, which closed in May and was awarded in the low \$80s fob.

MIDDLE EAST

ISRAEL: ICL is understood to have bought three small lots from Greece in addition to a further small lot from Bulgaria and another from Italy. It has also purchased a cargo from Poland and is receiving a cargo from the Black Sea under contract with Austrofin.

JORDAN: JPMC is expected to take receipt of a cargo by Tasweeq which it bought under the seller's last tender in the low \$70s fob, equating to around \$80 cfr.

BGN is expected to ship a contract cargo to Jordan at the end of the month.

ASIA

CHINA: The highest price ideas for China this week were in the high \$70s cfr, down a notch from last week and there have been reports of liquid sulphur sales at or near \$60 cfr, which is down \$5/t on the low end of the range. A Japanese trader is reported to have fixed a molten sulphur spot cargo of 1,200 t at \$60 cfr for end July shipment. Sales of containerized sulphur from Turkey have been in decline for several months as a result of the low delivered price in China.

Chinese inventories are estimated at close to 1.9 million t, up from last week's 1.83 million t. The domestic market has softened somewhat to the low/mid Rmb 600s ex-warehouse. Sulphur offers from the Dazhou warehouse are at Rmb 620, slightly down on

previous offers. Sinopec's production at Pugang is estimated at 3,000 t/d and one source suggested it will increase substantially in August.

Chinese refineries such as Gaochao Petrochemical, Shanghai Petrochemical and Zhenhai Petrochemical announced on 21 July that they are cutting the price of molten sulphur from their tanks by Rmb 30/t to Rmb 510 and Rmb 560, respectively. This is estimated to be equivalent to \$53-58/t.

Domestic production in June dropped to 377,000 t from May's 408,000 t, mainly because the Sinopec gas refinery was down for maintenance.

Chinese Refineries & Monthly sulphur Production				
	June	May	April	March
North Eastern China	30	30	31	31
North China	22	29	25	27
Central China	12	8	12	11
East China	142	136	127	137
South China	170	205	183	193
Total	377	408	378	399

The *Taurus Two* and the *Captianyannis L* are expected to deliver a total of about 100,000 t crushed lump sulphur from Russia in July and early August with an additional vessel expected next month. This could put considerable pressure on Chinese prices and may dampen demand for granular sulphur from some locations. However, one source suggested that these shipments are simply replacing those that have been lost since the depletion of the TCO block in Kazakhstan and the slower shipments from Saudi Arabia where the breaking up of the Berri block tends to slow during the summer heat.

Please note that the *Amber Alena* will deliver about 50,000 t granular sulphur to Zhenjiang from Ruwais, UAE where it is currently loading and not from Russia as reported yesterday.

Further shipments expected to arrive in China are as follows:

Origin	Destination	'000 t	Vessel name	ETA
Saudi Arabia	China	33	<i>Kotor</i>	21 July
India	China	27	<i>Aruna Ismail</i>	31 July
Iran	China	30	<i>Heilan Rising</i>	16 July
Russia	China	55	<i>Taurus Two</i>	24 July
Iran	China	30	<i>Yuan Hangg</i>	9 July
UAE	China	50	<i>Amber Alena</i>	19 July
Russia	China	50	<i>Captianyannis L.</i>	11 August
Total		275		

INDIA: PPL is due to receive the *Aurora Bulker* with around 30,000 t sulphur from BGN during early August under formula contract.

FACT has issued a tender, closing on 1 August for 15-25,000 t +/- 10% sulphur for 1-5 September arrival in Cochin.

MMTC has issued a tender for 10,000 t sulphur for shipment by 7 August.

Reliance has decreased its basic price for sulphur. The price with effect from 15 July is as follows:

Yard Jamnagar	Rs/t
Basic price	7,421.00
Excise Duty @ 12.5%	927.63
CST @ 2%	166.97
Refundable	MODVAT (927.63)
Selling Price	7,587.97

The price is equivalent to \$113.25 (based on exchange rate of \$1 = Rs 67).

Iffco is expected to receive 25,000 t sulphur early August from a trader on the *Ken Orchid* against its purchase at \$79.25 cfr.

Midgulf's vessel the *Franbo Trust* delivered 10,068 t sulphur ex-Saudi Arabia to Kutch Chemical Industry at Kandla on 4 July. The price of this cargo is believed to be at in the low \$80 cfr.

VIETNAM: Turkish sulphur in big bags is reportedly on offer at \$88/t ex Ho Chi Minh City.

NORTH AMERICA

UNITED STATES: Mosaic's liquid sulphur contract prices for Q3 have been concluded at \$65/LT delivered Tampa, down \$5/LT on Q2. PCS has yet to confirm any settlements.

It has now been confirmed that Mosaic has purchased a solid sulphur cargo out of Vancouver. The company is excited about this new opportunity and their ability to get away from uncompetitive rail rates, estimated at \$110/t from some of the Canadian refineries. This compares with rail freight from some of the gas refineries in Canada to Vancouver at \$25/t and sea freight from Vancouver to Tampa through the Panama Canal estimated in the low teens.

The 21,649 dwt *Sulphur Enterprise* delivered liquid sulphur to Tampa from Galveston four times so far in July. A round trip from Tampa takes about 3-4 days, so there is still time for a fifth shipment later in the month.

SOUTH AMERICA

CUBA: Sherritt issued a press release on 19 July, announcing the successful start-up of its new sulphuric acid unit at Moa Bay. It is rumoured that about 150,000 t sulphur required by the plant at full capacity will be sourced from the Middle East.

According to the release, "the third acid plant at the Moa Joint Venture (50% interest) in Cuba is in commissioning and has begun producing sulphuric acid. The 2,000 t per day is operating currently at approximately 900 tonnes per day, with full performance testing scheduled over the coming weeks...

..When in full operation, the third acid plant has the potential to reduce the Moa JV Direct Cash Cost by approximately US\$0.50/lb, with the savings derived from an elimination of third party sulphuric acid purchases and reduced fuel oil purchases. Initial NDCC benefits will be realized in the fourth quarter this year with the full NGCC impact expected in 2017."

BRAZIL: Anglo American is rumoured to have made an award under its latest purchase tender for 35-37,000 t in the mid \$70s cfr, presumably for a shipment from the US Gulf, which is estimated to net back to the very low \$60s fob.

The *Kenan* is expected to deliver about 48,000 t granular sulphur to Santos from Russia on 23 July for Vale.

The *Ultra Esterhazy* is expected to deliver 14,000 t sulphur to Santos on 23 July.

The *Bittern* is expected to deliver 15,000 t sulphur to Santos on 26 July.

MEXICO: MMB has announced that Boleo produced 5,000 t copper cathodes between January-May and aims to reach 20,000 t for the full year, against a production capacity of 51,000 t/year. At the stated target output for copper cathode for the full year, Boleo should require around 100,000 t sulphuric acid against a theoretical capacity of around 800,000 t/year production. Much of the excess acid is exported. The sulphuric acid is produced on site and the steam that is generated through the process is used to produce electricity. As such, even if copper production does not justify an increase in sulphuric acid production, the plant may run the sulphuric acid unit at a higher rate to ensure that the plant's electricity needs are met. At full capacity, the sulphur burner can produce 70% of the plant's electricity, the rest is produced using oil.

Production has been affected in 1-half by 2 weeks unscheduled maintenance in January, the illegal blockade which suspended operations for 2 weeks in April/May (See previous reports) and a further week's stoppage in June due to a rupture of the return water line causing the closure of the sulphuric acid plant. However, these stoppages meant that the turnaround scheduled for later in the year was carried out during this period and therefore the projection for production in 2-half is better than anticipated.

SUPPLIERS

AFRICA

LIBYA: NOC is considering issuing a tender next week for 2x8,000 t granular sulphur to lift in August.

FSU

RUSSIA: At least two vessels have been discovered for delivery to China from the Black Sea this week, with rumours of another one in the line-up. The cargo is crushed lump sulphur and it is understood these shipments form part of a new agreement to export

Russia's crushed lump sulphur to China. Based on price indications in China for crushed lump in the mid \$60s cfr and freight estimated in the mid/high \$20s/t it would net back to Kavkaz in the mid/high \$30s fob or around \$40 fob. Rail freight to Kavkaz is estimated at around \$50-60/t and as such it appears that these shipments are already sold at negative netbacks.

Price indications from the Baltic are understood to be in the \$60 fob this week.

The *Chrysoula* sailed to Ashdod, Israel last week from Kavkaz with about 40,000 t granular sulphur under contract.

The *Spar Virgo* sailed to Morocco with about 40,000 t granular sulphur where it is expected to arrive on 24 July.

The *CY Thunder* sailed to Tunisia for GCT with about 33,000 t sulphur where it is expected to arrive on 22 July.

May exports were 306,589 t, an increase of 17% on the same month in 2015. Morocco took twice as much this year than last but the volumes shipped to Brazil and China were similar to May last year. May exports were as follows:

Russia Sulphur Exports			
May			
	2014	2015	2016
Morocco	92	65	128
Brazil	48	58	68
China	22	41	40
Belarus	12	12	16
Tunisia	23	29	15
Lithuania	6	9	11
Others	42	50	28
Total	245	263	307

This brought January-May exports to 1.637 million t, an increase of 23% on the same period last year. The main change was in exports to China, which went from 187,000 t in 2015 to 360,000 t in 2016. Exports to Tunisia almost quadrupled from 68,000 t in 2015 to 274,000 t in 2016 but Moroccan exports were static just under 450,000 t. The other main destinations were as follows:

Russia Sulphur Exports			
January - May			
	2014	2015	2016
Morocco	484	454	467
China	208	187	360
Tunisia	103	68	274
Brazil	130	168	207
Lithuania	60	73	116
Belarus	73	53	80
Lebanon	17	60	20
Israel	0	52	19
Germany	22	10	19
Argentina	13	6	14
Others	101	200	62
Total	1,212	1,333	1,637

Source: GTIS / Federal Customs Service of Russia

ASIA

INDIA: The *Aruna Ismail* sailed to China with about 27,000 t sulphur on 13 July from Bedi.

The *Pacific Trust* loaded 29,700 t sulphur in Bedi on 20 July, for likely delivery to Indonesia.

TAIWAN: Formosa expects to issue a new tender next week on 25 July to close by mid-week for a target loading date between 23-31 August.

MIDDLE EAST

SHIPPING: The following shipments have been discovered to various destinations this week:

Origin	Destination	'000 t	Vessel name	ETD
UAE	TBC	50	<i>Abu Al Abyad</i>	25 July
UAE	Tunisia	33	<i>Arrilah-I</i>	13 June
Saudi Arabia	China	33	<i>Kotor</i>	30 June
Iran	China	30	<i>Heilan Rising</i>	21 June
Iran	China	30	<i>Yuan Hangg</i>	14 June
Qatar	South Africa	38	<i>Kibali</i>	6 July
Kuwait	Tunisia	27	<i>Wajed</i>	15 June
Saudi Arabia	New Caledonia	45	<i>Arcadia</i>	27 June
Qatar	Australia	35	<i>Riva</i>	25 June
Total		321		

QATAR: Tasweeq's latest tender that closed on 19 July for 30,000 t granular sulphur is reported to have been awarded at a price that equates to the low/mid \$60s fob Ras Laffan. Historically Tasweeq used these bids to determine the market mood and then posted its monthly price announcement for the next month accordingly. Therefore, we can reasonably expect that the August QSP might be somewhere in the low/mid \$60s fob.

UAE: The *Abu Al Abyad* and the *Amber Alena* are currently loading in Ruwais about 50,000 t granular sulphur each.

SAUDI ARABIA: Saudi Aramco has signed four engineering contracts to build its Fadhili gas processing project, it was announced on Wednesday. The project is worth more than \$13.3 billion and, when completed in 2019, will be the first program in the kingdom to treat gas from both onshore and offshore fields.

The company signed a contract with Saudi Electricity Co and France's Engie to construct the Fadhili plant, which will produce power and steam. A contract for work on offshore facilities went to India's Larsen & Toubro. The Fadhili project aims to boost Saudi gas production capacity to more than 17 billion standard cubic feet per day by 2020, a top energy priority in Saudi Arabia outlined in the kingdom's National Transformation Plan. It is not immediately clear how much sulphur the fields will produce.

NORTH AMERICA

CANADA: Please note that last week's price indication has been altered as it has emerged that the MV Maple Island loaded in Anacortes, US and not Canada. It is understood however that prices have since softened further and indications are now in the range \$74-78 fob with some suggestions that soon sulphur will be sold sub \$70 fob.

It has now been confirmed that Mosaic has purchased a solid sulphur cargo out of Vancouver. The company is excited about this new opportunity and their ability to get away from uncompetitive rail rates, estimated at \$110/t from some of the Canadian refineries. This compares with rail freight from some of the gas refineries in Canada to Vancouver at \$25/t and sea freight from Vancouver to Tampa through the Panama Canal estimated in the low teens plus additional costs as detailed in the analysis.

It is reported in the local press that parts of the Nexen Long Lake oil sands upgrader facility will be idled. According to the analysis, CNOOC mothballed the Long Lake upgrader and scaled back production at the site and laid off 350 workers because the upgrader cannot be feasibly repaired in the short term.

Syncrude went down on 4 May due to the wildfires when they had to evacuate the facility and they only came back on line on 29 June. It is estimated that about 55 trucks of sulphur were lost per day as the plant was not operating, therefore, not even blocking took place. When it came back up it was at a reduced rate and now they appear to be shipping about 50 trucks per day (2,000 t).

There are rumours that the Spectra Energy gas plant in British Columbia that had to shut down due to floods may not start up until after September due to continued operational issues although one source suggested it may be up and running in less than a month.

The CNRL Horizon facility is currently carrying out a month long maintenance shutdown.

The Suncor operations are understood to be operating but not at full capacity following the wildfires.

UNITED STATES: The latest spot purchase by Anglo American in the mid \$70s cfr is estimated to net back to the low \$60s fob from the US Gulf, is the most likely candidate for the source of this award given its closeness to Brazil.

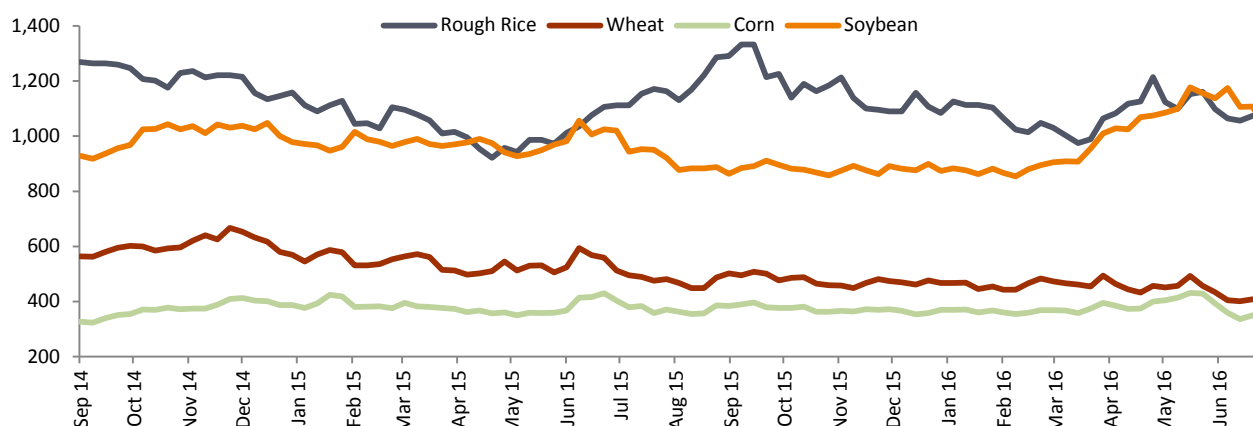
FREIGHT

DATE	Baltic Capesize	Baltic Panamax	Baltic Supramax	Baltic Handysize	Baltic Dry Index
15 July	1023	863	693	363	745
18 July	1016	874	697	366	748
19 July	986	879	700	371	746
20 July	937	872	702	376	736
21 July	906	850	701	379	726

Source: Baltic Exchange

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	337.4	-28.2	344.2	353.2	402.6
Wheat	406.6	-1.0	432.6	449.4	512.2
Soybean	1,027.0	-101.0	1,009.0	1,009.2	1,020.6
Rough Rice	1,081.0	+32.5	1,108.0	1,132.5	1,120.0

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 lost some ground following a rebound last week, mainly reflecting easing weather concerns. Parts of the US Corn Belt will see high temperatures short-term, which could stress crops, but not for as long as previously thought.	The downtrend in wheat futures slowed down this week with only a marginal drop compared to last week's settlement. Wheat market remains pressured by strength of the US dollar and US wheat harvest is advancing ahead of its average pace, which added to the bearish tone.
SOYBEAN:	RICE:
Soybean futures demonstrated the largest reduction this week in tandem with a downward trend in corn and wheat futures markets, as hot weather in key growing regions is expected to be short-lived.	Unlike other major crops, rice futures climbed up this week. Asian rice export prices are currently mixed, with prices from top exporter India edging up on higher demand and lower supplies, while Vietnamese prices fell to near the lowest in five months due to lack of buying interest.

REGIONAL MARKETS

OVERVIEW OF RICE MARKET IN ASIA: The arrival of monsoon rains in South Asia and Iraq's unexpected purchase of parboiled rice from India has helped to shape global rice markets of late, while gains were capped by stockpile releases in Thailand.

India's 5% broken parboiled rice rose this week on higher demand and dwindling supplies as the Grain Board of Iraq secured 100,000 tonne of parboiled rice from India at around US\$ 430 cif. "Prices in India have found some support lately after Iraq started opting for Indian origins, rather than the North/South American origins that it was previously buying from," James Fell, market analyst at the International Grains Council (IGC), told The Public Ledger, Fertecon's sister company. Currently the focus remains very much on India's monsoon progress, which seems to be progressing well.

Meanwhile in **Vietnam**, prices for its 5% broken rice fell and are now mirroring levels witnessed back in February. **Myanmar** could set to be the beneficiary of government-to-government purchases by Indonesia (of 300,000 tonnes), while there has also been a suggestion that the **Philippines** may well re-enter the market and also purchasing from Myanmar. "No official announcement has been made by the Philippines on the new administration's rice import policy, but it is expected very soon," said James Fell. "The rumours have weighed on Vietnam's prices, as Indonesia and the Philippines usually make their government-to-government deals with Vietnam."

In **Thailand**, the leading rice exporter, total production is estimated at around 16.6 mln tonnes by the IGC (20 mln FAO), the smallest in more than a decade. "Monsoon rains were largely inadequate, thwarting yields and leading to reduced plantings particularly of the second crop," explained the IGC. For the 2016/17 season in Thailand, assuming better conditions, total production of rice is pegged at 20.2 mln tonnes.

World rice use is seen rising by 1% in 2016/17, to an all-time peak of 488 mln tonnes (502 mln by the FAO). "With the start of the 2017 trade year is some six months away, predictions are highly tentative," said the IGC. "Although a growing population and food needs in sub-Saharan Africa could boost import demand, improved crop outcomes in Asia may curtail purchases by some of the region's leading buyers," it said. Nevertheless, world trade is still expected to remain high, at close to 42 mln tonnes with Thailand and Vietnam likely to be the world's prominent exporters as India's international sales retreat to more normal levels, said the council. Looking ahead, prices prospects remain uncertain. Whether price gains can be sustained also remains to be seen.

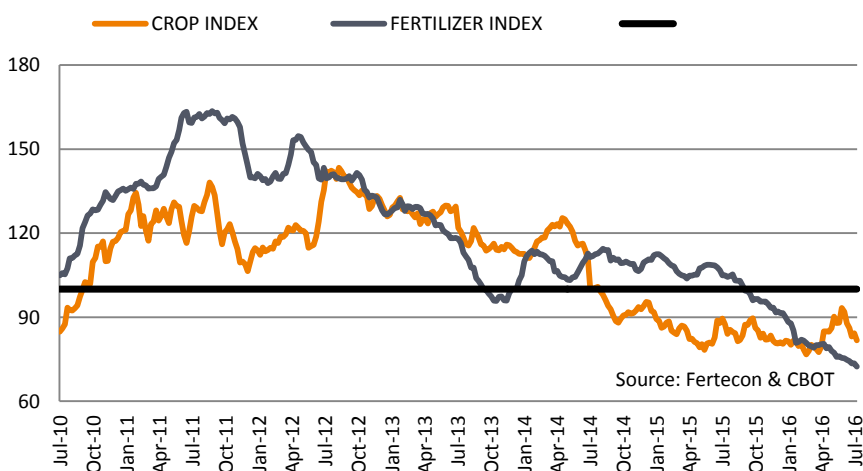
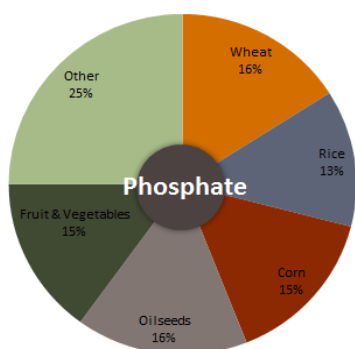
BRAZIL SUGAR INDUSTRY UPDATE: Local sugar and ethanol market consulting company Datagro cuts its forecast for Brazil's 2016/17 centre-south (CS) sugarcane crush to 597.25 million tonnes, down -4.4% from its May projection of 625 mln, due to dry weather. President of Datagro Plinio Nastari pointed out that the CS had drier-than-average conditions in March, April, early May and late June, leading to a downward revision of the expected sugarcane yield. Nastari also said that reduced crop inputs by financially distressed mills and increased pest infestation was also lowering yields.

Consequently, the region will produce no more than 34.1 mln tonnes of sugar in 2016/17, down from the May estimate of 35.2 mln (-3.1%). Ethanol production was cut to 26.097 billion litres this season from an estimated 27.281 bln in May (-4.3%), Nastari said.

NITROGEN USE BY CROP

FERTECON FERTILIZER & CROP INDICES

Source: IFA



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.

AGRICULTURAL POLICY & TRADE

EUROPE – AID PACKAGE TO FARMERS: The EU Agriculture Commissioner Phil Hogan has announced a series of new measures to aid struggling farmers – notably a €500 million support package comprising €350 million in national envelopes for all 28 member states and €150 million for milk supply reduction measures. The fresh aid package announced at the Farm Council in Brussels on 18 July comes during a difficult time for EU dairy farmers, suffering on account of low prices at least partially brought-on by oversupply to the market. On top of the aid package, Commissioner Hogan has also announced a number of “technical” measures to provide flexibility, cash flow relief and to reinforce the safety net measures for producers already in place.

EU-INDONESIA FTA TALKS: EU governments have given the European Commission the go-ahead to start negotiations with Indonesia on a free trade agreement (FTA), with the two sides seeking an “ambitious” deal covering a range of trade areas, writes Agra Europe, Fertecon’s sister company. Member states’ required green light was given during the Farm Council meeting in Brussels on 18 July, with the first round of FTA talks to take place “later in 2016”.

Indonesia is the biggest economy of the 10-member Association of South-Asian Nations (ASEAN), with a population of nearly 260 million – but is behind three other members in terms of EU trade. The EU has been seeking FTAs with Southeast Asian countries since 2009, when talks on a regional ASEAN deal broke down. Brussels has completed FTA talks with two ASEAN members – Singapore and Vietnam – and is progressing with Malaysia and Thailand. Talks with the Philippines are poised to begin soon. As a developing country, Indonesia currently benefits from EU preferential import duties under the bloc’s Generalised Scheme of Preferences (GSP).

Wider EU-Indonesia relations are governed by a broad Partnership Cooperation Agreement signed in 2009. EU-Indonesia trade relations have been somewhat soured by a long-running and ongoing dispute on biodiesel – with the EU having imposed anti-dumping duties on Indonesian (and Argentinian) biodiesel since mid-2013. <http://agribusinessintelligence.informa.com/>

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