Sulphur Report

Weekly review of the sulphur market

Fertecon
Agribusiness intelligence | informa

26 May 2016

- Oil sands operators begin working on restarting plants in Canada
- Canadian port maintenance in June likely to reduce export availability
- Tasweeq reportedly makes award under 24 May tender around the low $80s fob
- Chinese domestic sulphur production in April drops by 21,000 t compared with March
- Explosion at M'dhilla, Tunisia sulphuric acid unit reportedly injures up to 17 people
- Foskor/South Africa starts month-long planned maintenance shutdown

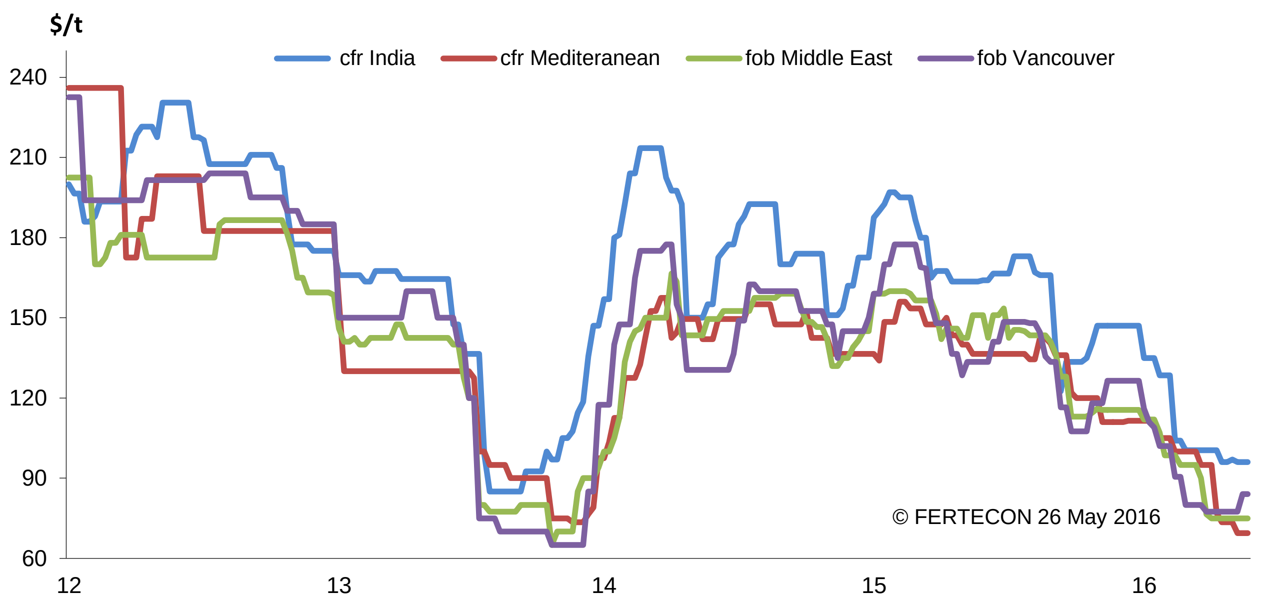
OUTLOOK

Stable

KEY PRICES

	26 May	19 May	12 May
Vancouver spot $/fob	80-88	80-88	75-80
Middle East $/fob	65-85	65-85	65-85
Med (inc. N.Africa) $/cfr	60-79	60-79	60-79
North Africa cfr (contract) $/cfr	60-79	60-79	60-79
Central Florida (liquid, LT) $/deliv	70	70	70

SOLID SULPHUR PRICES



SULPHUR PRICE INDICATIONS ALL PRICES IN US$

	26 May	19 May	12 May	
Fob prices				
Med cfr (includes N Africa)	60-79	60-79	60-79	
Med cfr (small lots N Africa)	71-75	71-75	71-75	Egypt Sales
Med cfr (small lots other markets)	66-75	66-75	66-75	Indicative
North Africa cfr (contract)	60-79	60-79	60-79	Q2 contracts so far
Med fob (small lots other markets)	55-65	55-65	55-65	
China cfr	72-95	72-95	72-93	
China cfr spot	72-95	72-95	72-93	
India cfr	93-99	93-99	93-99	
Brazil cfr	80-92	80-92	80-92	Q2 contracts/Spot
Vancouver fob contract	80-88	80-88	75-80	Indicative
Vancouver fob spot	80-88	80-88	75-80	Indicative
California fob	77-80	77-80	77-80	Indicative
Middle East fob	65-85	65-85	65-85	Full ME price range
Middle East fob contract	65-79	65-79	65-79	Q2 business
Middle East fob spot	69-82	69-82	69-82	Low end crushed
Tasweeq Qatar Sulphur Price (fob)	79	79	79	
Saudi Aramco monthly price (fob)	80	80	80	
Middle East – Adnoc (fob)	85	85	85	
Delivered prices				
NW Europe cpt	150-168	150-168	150-168	Q2 contracts
Delivered Benelux (refinery)	110-122	110-122	110-122	Q2 contracts
Tampa/Deliv.Cent.Fla (LT)	70	70	70	Q2 contracts
Cfr Houston (LT)	63	63	63	Q2 contracts
Galveston (LT) ex-tank	63	63	63	Q2 contracts

FERTECON PRICE DEFINITION

*revised **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.

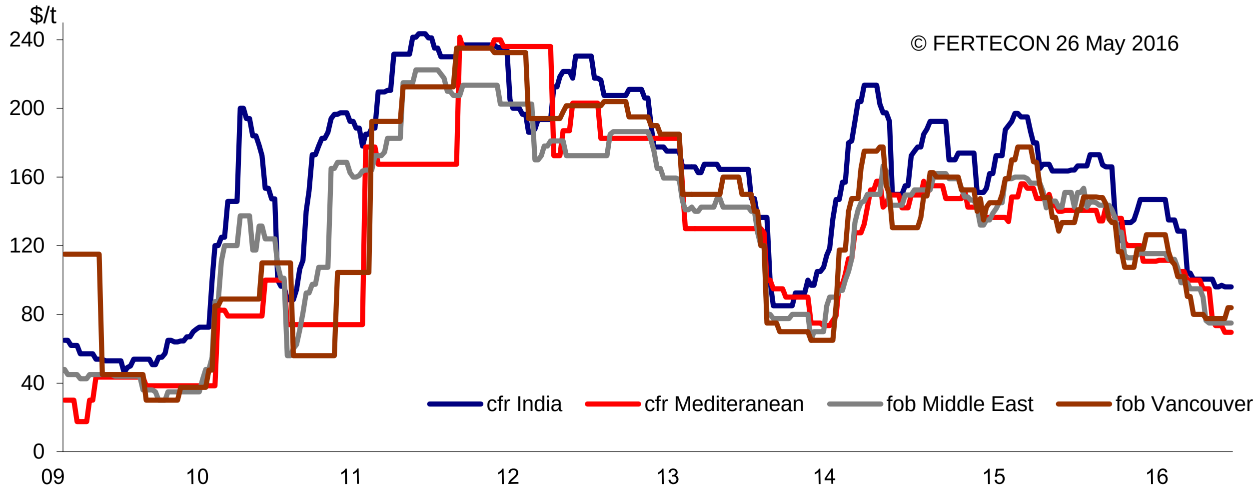
FREIGHT INDICATIONS US$

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

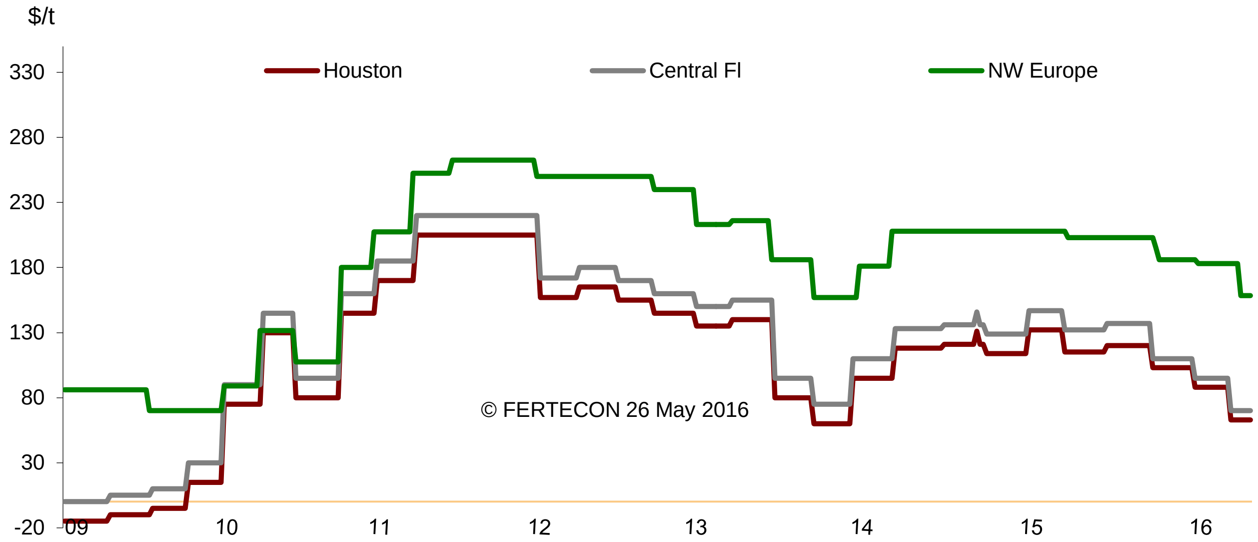
FERTECON TENDER SERVICE

Holder/Country	'000 t	Close	Load/Deliv.	Notes
Tasweeq/Qatar*	30	23 May	June	Rumoured award around $80 fob
Formosa/Taiwan*	15	13 May	May	Awarded at $85 fob
IGCC/Iran* granular	30	25 April	Mid May	Awarded at $81.50 fob
*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

Trading in China has been subdued and other than a few domestic deals little actual business has taken place this week. After a slight uptick in trading about two-three weeks ago the market seems to be going through a quiet period during which end-users are trying to evaluate the market's direction. Indian business activity has also been thin as most buyers are covered and they are receiving shipments under earlier agreements.

Although supply may not be as long as anticipated, various maintenance turnarounds at phosphate producers could reduce demand slightly in the next few weeks. ICL/Israel and Foskor/South Africa are both carrying out maintenance works and an explosion at GCT's M'dhilla plant could shut that plant temporarily. The delay in the start-up of OCP's JPH-2 plant will mean less-than-anticipated sulphur for that market for the next three months. However, even after the start-up it is not clear whether OCP will consume more sulphur or whether it will maintain production at current levels, bringing down the overall production rate of its existing plants. The new, 600,000 t/y Kailin plant in China is unlikely to boost demand as the phosphate producer will not increase production rates, instead it has indicated that it will maintain it around 70% of nameplate capacity dependent on prevailing demand.

In the absence of any real spot business it has been difficult to gauge the market and the last tender award by Tasweeq has provided very little clarity as the tender was awarded on a cfr basis and not fob as usual which leaves plenty of room for interpretation. Some traders suggested the award would net back to the high $70s fob, while others said it would equate to the low $80s fob. Either way, this would fall in line with current indications from the Middle East, signalling further stability in prices. The other major suppliers in the region claim to be sold out and all three sellers with monthly announcements will issue their prices early next week, hopefully providing some direction to an otherwise confused market.

The wildfires in Canada seem to be dissipating slightly and production is slowly being restarted but given the size of the area that has been affected it could take several weeks for production to return to normal.

MARKETS

EUROPE

BELGIUM: The *Sulphur Genesis* delivered its cargo to Antwerp on 24 May, having sailed from Le Havre on 22 May.

FRANCE: A strike over new labour laws has spread to all of France's eight oil refineries, according to press reports. An estimated 20% of petrol stations have either run dry or are low on supplies. Clashes broke out at one refinery early on Tuesday when police broke up a blockade at Fos-sur-Mer in Marseille. It is unclear how this will affect domestic sulphur production or distribution but there are reports that railway and port workers are also about to go out on strike, causing complete gridlock in the country.

TURKEY: Bagfas is covered until mid-June and is considering buying its 2-half June requirements from Tupras. The buyer has so far received offers from the Med in the range $70-75 cfr. Offers from the Black Sea are around $80 cfr.

Toros is currently evaluating how much sulphur it will need in June and is currently only receiving sulphur purchased under earlier tenders.

Tupras is reported to have started up production fully at the refineries that were affected by fire earlier this year. The producer's selling price for May was set at TRY 186 ex-works, down from TRY 195 in April.

AFRICA

MOROCCO: The *Sea Pioneer* is expected to arrive in Jorf Lasfar from the US Gulf with about 30,000 t sulphur on 4 June.

Start-up of OCP's new 1.25 million t sulphuric acid unit at JPH-2 is currently scheduled for August/September. Unlike last year, OCP plans to bring up the sulphuric acid phosphoric acid plants simultaneously and if the initial production at the phosphoric acid unit is successful, this means that it will not have any significant quantities of surplus acid available once the plant begins production.

The following shipments are in the line-up according to Fertecon's database:

Origin	Destination	*Vessel name*	'000 t	ETA
Russia, Kavkaz	Morocco, Jorf Lasfar	*Canary*	40	19 May
UAE, Ruwais	Morocco, Jorf Lasfar	*Abu Al Abyad*	50	19 May

Kuwait, Shuaiba	Morocco, Safi	*Destiny*	27	19 May
Poland, Gdansk	Morocco, Jorf Lasfar	*Juno*	25	20 May
US, Beaumont	Morocco, Safi	*Rodopi*	35	24 May
US	Morocco, Jorf Lasfar	*Coral Queen*	30	25 May
Lithuania, Klaipeda	Morocco, Jorf Lasfar	*Zealand Zaria*	20	28 May
UAE, Ruwais	Morocco, Jorf Lasfar	*Genco Acquitane*	50	1 June
US	Jorf Lasfar	*Sea Pioneer*	30	4 June
		Total	**307**	

TUNISIA: According to local media reports there was an explosion at the GCT M'dhilla sulphuric acid plant in which 17 people were reported to have been injured. No further information is available but at full capacity the plant can produce up to 495,000 t sulphuric acid, 165,000 t P_2O_5 phosphoric acid and 465,000 t/y TSP.

SENEGAL: According to GTIS, March imports were negligible. This brought Q1 imports to 71,095 t, a drop of 18% on the same period of 2015 but in line with Q1 2014. Whereas in 2015 there was a mix of suppliers, in 2016 most of the tonnes came from the UAE where Indorama has a contract with Adnoc. Source: GTIS / National Agency of Statistics and Demography

SOUTH AFRICA: Foskor has taken some of its units down at its Richard's Bay complex for a period of planned maintenance that is expected to last until the end of June, reducing operating rates to around 50% capacity.

MIDDLE EAST

ISRAEL: ICL is expecting to receive a cargo from Russia late May. The company is currently carrying out a planned maintenance shutdown.

JORDAN: BGN is expected to deliver its next contract cargo to Jordan in the next two weeks. About 50,000 t is currently loading in the Middle East.

ASIA

CHINA: Domestic sulphur prices for granular, crushed lump and liquid product is around Rmb 750, Rmb 710 and Rmb 700, respectively. About 5,000 t solid sulphur have been sold at the Changjiang river port at Rmb 755.

There are rumours that the price of molten sulphur at Qingdao is $85 cfr.

The Sinopec sulphur price ex-Dazhou is Rmb 770 and inventories are estimated at 65,000 t.

Sinopec's Wanzhou price is Rmb 780/t with about 3,000 t in inventory.

April's domestic refinery production was 378,000 t, down from 399,000 t in March. May and June production is expected to decline further as a result of the Sinopec Puguang maintenance shutdown that will last for 40 days from 19 May.

Chinese Refineries & Monthly Sulphur Production		
	April	March
North Eastern China	31	31
North China	25	27
Central China	12	11
East China	127	137
South China	183	193
Total	**378**	**399**

Source: Fertecon

April imports were 1.06 million t, up 2% on April 2015. The largest increase was from Saudi Arabia at 277,000 t, up from 163,000 in 2015 and 169,000 t in 2014. Imports from Saudi may drop next year as the Ma'aden phosphate unit will start-up, consuming more sulphur from the domestic market. Imports of liquid sulphur from Japan almost doubled at 133,000 t compared with 77,000 t in 2015.

('000 t)	China Sulphur Imports April		
	2014	2015	2016
Saudi Arabia	169	164	277
UAE	86	88	157
Japan	93	77	133
Iran	45	120	96
Canada	0	65	86
Korea South	72	108	81
India	28	85	66
United States	28	0	56
Kazakhstan	138	204	44
Qatar	49	35	36
Turkmenistan	0	77	24
Others	135	23	7
Total	**844**	**1,045**	**1,063**

This brought Jan-April imports to 4.16 million t, up 15% on the same period last year. The biggest increase was from the UAE at 470,000 t, up from 271,000 t in 2014 and 255,000 t in 2015. Imports from Canada also jumped to 341,000 t, up from 157,000 t in 2014 and 164,000 t in 2015. Imports from Canada this year will most likely fall as a result of the wildfires in Alberta.

('000 t)	China Sulphur Imports January-April		
	2014	2015	2016
Saudi Arabia	771	755	871
UAE	271	255	470
Korea South	290	401	410
Japan	343	315	377
Canada	157	164	341
Iran	432	389	316
Kazakhstan	539	569	268
Turkmenistan	0	146	241
India	116	167	231
Russia	246	47	221
Qatar	235	192	180
United States	107	86	108
Kuwait	53	55	77
Taiwan	93	33	27
Philippines	0	15	16
Others	39	20	9
Total	**3,694**	**3,609**	**4,161**

Source: GTIS / China Customs

Various shipments are expected to arrive this week and next from the Middle East. They are as follows:

Origin	Destination	*Vessel name*	'000 t	ETA
Saudi Arabia, Jubail	China, Zhenjiang	*Aurora Bulker*	30	16 May
Qatar, Ras Laffan	China, Fangcheng	*Nereus Island*	38	18 May
Saudi Arabia, Jubail	China, Nantong	*Asteris*	39	18 May
UAE, Ruwais	China, Nantong	*Armata*	38	20 May
Iran, Bandar Abbas	China, Nantong	*Seiyo Harmony*	30	22 May
Canada, Vancouver	Zhenjiang	*Sea Orpheus*	60	23 May
Kuwait, Shuaiba	Fangcheng	*Bolero*	25	26 May
Saudi Arabia, Jubail	China, Zhanjiang	*Slettness*	38	27 May

Qatar	China	*Spar Mira*	33	28 May
California, Long Beach	Qingdao	*Triton Seagull*	50	28 May
UAE, Ruwais	China, Zhenjiang	*Loyalty*	29	1 June
UAE, Ruwais	China, Nantong	*Ras Ghumays-I*	33	3 June
Qatar, Ras Laffan	China	*River Globe*	38	16 June
		Total	**481**	

INDIA: FACT may be considering issuing a sulphur tender in about a week.

VIETNAM: Sulphur is reportedly being offered at $93-94 cfr.

NORTH AMERICA

UNITED STATES: A fire broke out on Monday at Mosaic's Riverview facility but workers used steam to extinguish it. The fire was contained inside the tank, officials said. The cause of the fire is unclear.

The 21,649 dwt *Sulphur Enterprise* liquid sulphur carrier arrived in Tampa three times in May, having sailed from Galveston.

The 15,718 dwt *Mitrope* liquid sulphur carrier arrived in Tampa on 20 May, having sailed from Coatzacoalcos, Mexico.

SOUTH AMERICA

BRAZIL: The *Boston Harmony* is expected to arrive in Santos early June for Vale. Vale is not in the market for a spot cargo and is receiving shipments that it purchased under Q2 contracts and spot purchases in April. The fires in Canada have so far not affected the buyer but there is concern that stocks may be running low in Vancouver and that this could delay a shipment to Santos. A trader loaded a cargo under contract for Vale in California last week which is expected to arrive in Santos in June.

Vessel	('000t)	Buyer	ETA
Noni	38	Vale	2/5
Kibele	12	Galvani	3/5
Lawin Arrow	45	Vale	4/5
Baltic Scorpion	38.5	Vale	15/5
True Love	38.5	TBC	16/6
TBC	50	Vale	June
Boston Harmony	38.5	Vale	June
Total	**260.5**		

MEXICO: Fertinal is in the market for more sulphur and has yet to buy against its earlier enquiry for 50,000 t sulphur for delivery in June. Product out of Canada is reportedly short as a result of the wildfires.

SUPPLIERS

FSU

RUSSIA: The *Martha* sailed to Sfax, Tunisia on 20 May with about 35,000 t sulphur for contract customer GCT.

The *Rodina* sailed to Ashdod, Israel with about 40,000 t sulphur on 23 May for contract customer ICL.

ASIA

INDIA: The *Pan Daisy* loaded 29,700 t sulphur in Bedi on 21 May.

Reliance hasn't issued its regular export auction in at least three months, leading some to think that the producer may have a direct contract with a buyer and/or it has agreed a regular off-take agreement with a trader.

SOUTH KOREA: April exports were 97,728 t, almost all to China, a drop of 8% on April 2015 but up from 68,000 t in 2014. This brought January-April exports to 449,000 t, up 6% on the same period of 2015. Again, the majority of exports went to China on liquid sulphur tankers. Source: GTIS / Korea Customs and Trade Development Institution

TAIWAN: March exports were 18,643 t, almost all to Vietnam, a drop of 62% from March 2015 and from 31,433 t in March 2014. This brought Q1 exports to 77,274 t, a drop of 7% on 2015 and down from 93,896 in 2014. The main destinations were Vietnam (32,636 t, down 51%), China (28,072 t, up 69%) and Indonesia at 16,551 t, up from 31 t in 2015. Source: GTIS / Taiwan Directorate General of Customs

MIDDLE EAST

QATAR: Tasweeq is rumoured to have made an award under its 24 May tender on a cfr China basis that is estimated to net back to around $80 fob.

An international trader has finished loading about 38,000 t on the *River Globe* this week, destination China.

UAE: The market is eagerly anticipating Adnoc's next monthly price announcement, expected later this week or early next week.

BGN has finished loading about 50,000 t on the *Anna-Meta* this week for delivery to Aqaba, Jordan.

SAUDI ARABIA: Saudi Aramco has yet to announce its June lifting price.

NORTH AMERICA

CANADA: According to a government website, Alberta authorities have approved a phased re-entry for all oil sands camps in the Regional Municipality of Wood Buffalo, which got underway on 23 May.

Syncrude continues to deploy employees on the ground at its Mildred Lake and Aurora oil sands sites to advance the safe return of operations. As of Sunday, May 15, several hundred employees have been working north of Fort McMurray with a focus on three key steps: assess and ensure the safety of the sites; prepare for start-up by inspecting units and equipment; and commission and re-start operations in a staged manner. This work is being supported by many employees in both Edmonton and Calgary.

Suncor announced on 23 May that it has begun the remobilization process of its employees to support the staged restart of its operations in the Regional Municipality of Wood Buffalo (RMWB). The evacuation order was lifted by the Regional Emergency Operations Centre the evening of 20 May.

In addition, Suncor continues to assess the situation, including fire risk, air quality, employee mobility, accommodations and services for employees and contractors.

There has been no damage to Suncor's assets and enhanced fire mitigation work has been conducted at all of Suncor's sites. Fire risk close to the Suncor base plant facility has been significantly mitigated as little fuel to support a fire remains in the area. Critical third party pipeline and power infrastructure have largely been restored and the company expects lodges near the Suncor base plant facility to be ready to house workers within a few days.

Construction activities at Suncor's Fort Hills mine continued ramping up over the weekend.

The Kinder Morgan terminal has been down for a planned maintenance turnaround in May for two weeks. The Pacific Coast terminal will be down from 14 June for about two weeks as part of its expansion project.

UNITED STATES: The West coast is sold out and any enquiries for sulphur from the West coast of the US are being met with higher offers. However, Californian availability is low as three shipments sold recently have reduced stocks.

In the US Gulf, regular shipments to Morocco and Brazil continue with no reports of any production problems.

FREIGHT

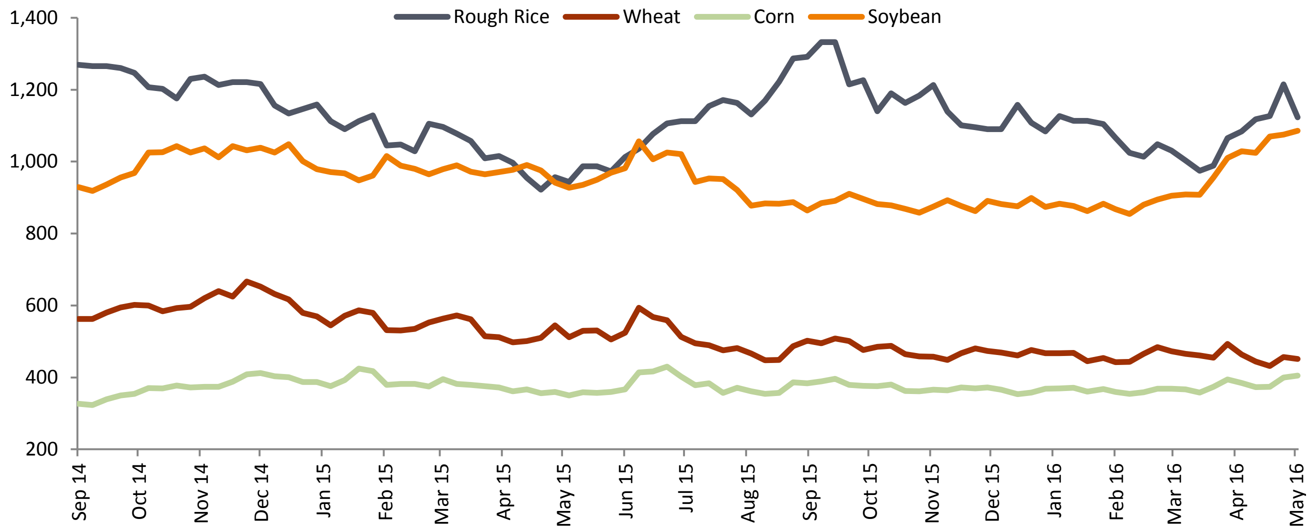
The table below shows how the various indices have developed since our last report:

DATE	Baltic Capesize	Baltic Panamax	Baltic Supramax	Baltic Handysize	Baltic Dry Index
20 May	870	614	562	343	625
23 May	870	611	565	344	624
24 May	848	608	568	345	618
25 May	799	571	596	346	605

Source: Baltic Exchange

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:	WHEAT:
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.	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:	**RICE:**
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.	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

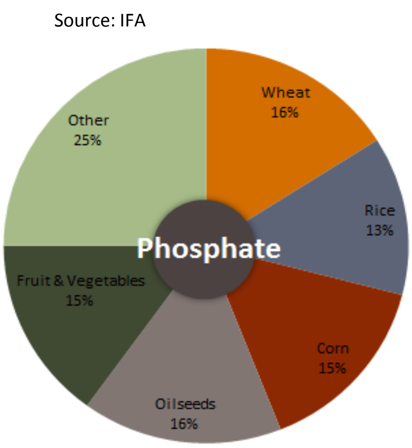
EUROPE: EU **corn** production could be larger than expected this year after the European Commission again raised its forecast for average yields. The May bulletin from the EU executive's crop monitoring unit, Mars, pegs the average corn yield across the bloc at 7.31 t/ha, up from 7.06 t/ha in April 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.

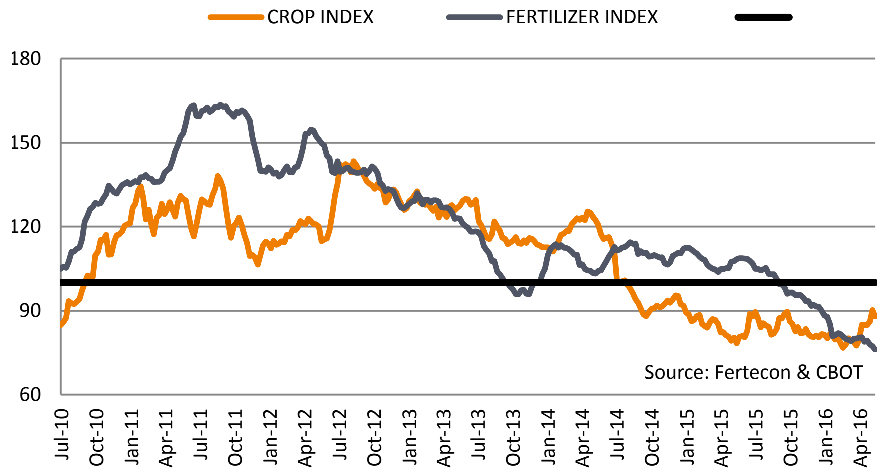
FRANCE: French farmers had sown 91% of its **corn** area for this year's harvest by 16 May after rain delayed sowing, according to farm office FranceAgriMer. Corn sowing was up from 78% complete a week earlier, but was behind the 96% progress rate made a year ago. The average date for sowing was 15 days 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.

PHOSPHATES USE BY CROP

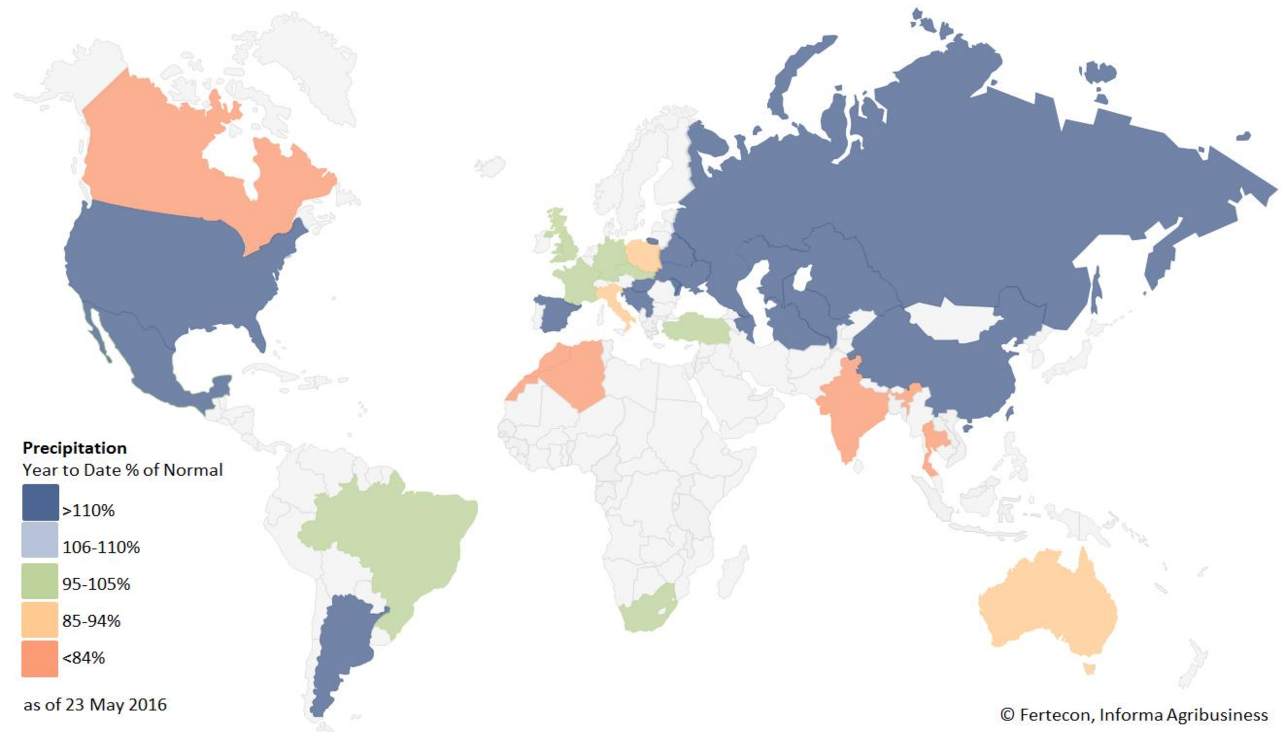


FERTECON FERTILIZER & CROP INDICES



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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