

2 June 2016

- Saudi Aramco announces June lifting price at \$82 fob, up \$2/t
- Tasweer/Qatar announces June lifting price at \$83 fob, up \$4/t
- Formosa/Taiwan makes award at \$84 fob against 1 June spot tender for 15,000 t sulphur
- Sales from Canada in the high \$80s fob – oil sand operations slowly restart
- Sherritt/Cuba sulphur burner expected to start-up in two weeks
- Reliance/India to supply sulphur under contract, moving away from spot tenders

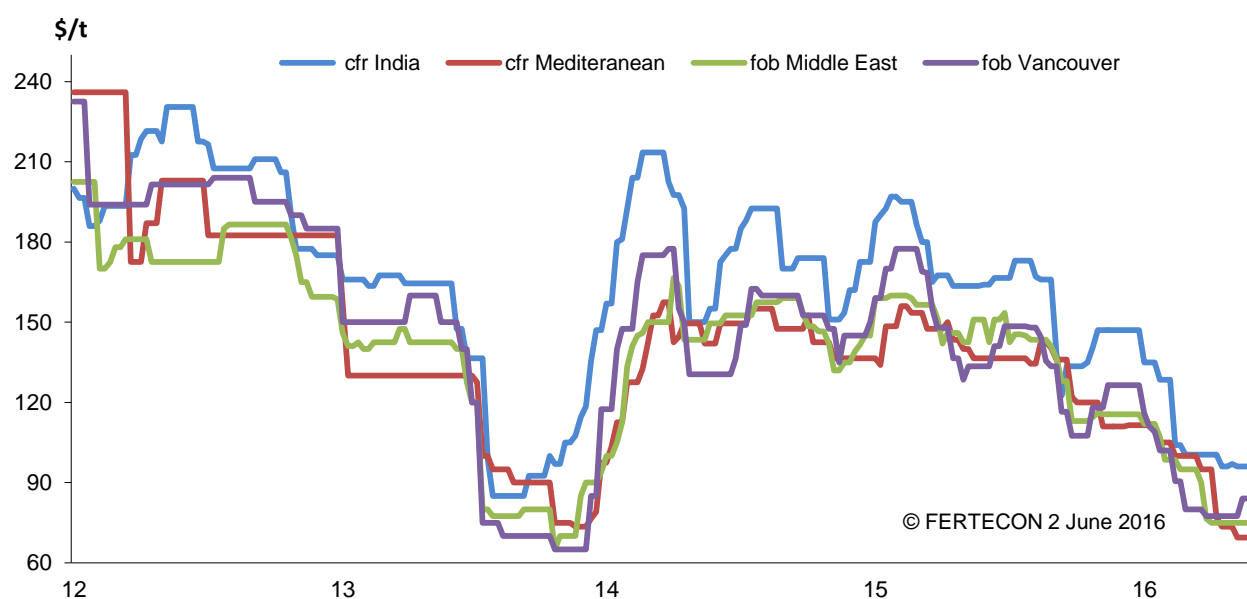
OUTLOOK

Stable

KEY PRICES

	2 June	26 May	19 May
Vancouver spot \$/fob	80-89	80-88	80-88
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\$

	2 June	26 May	19 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	72-95	
China cfr spot	72-95	72-95	72-95	
India cfr	93-99	93-99	93-99	
Brazil cfr	79-87	80-92	80-92	Q2 contracts
Vancouver fob contract	80-89	80-88	80-88	Indicative
Vancouver fob spot	80-89	80-88	80-88	Indicative
California fob	80-85	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	82-83	69-82	69-82	Aramco/Tasweeq
Tasweeq Qatar Sulphur Price (fob)	83	79	79	
Saudi Aramco monthly price (fob)	82	80	80	
Middle East – Adnoc (fob)	85	85	85	May
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](#).

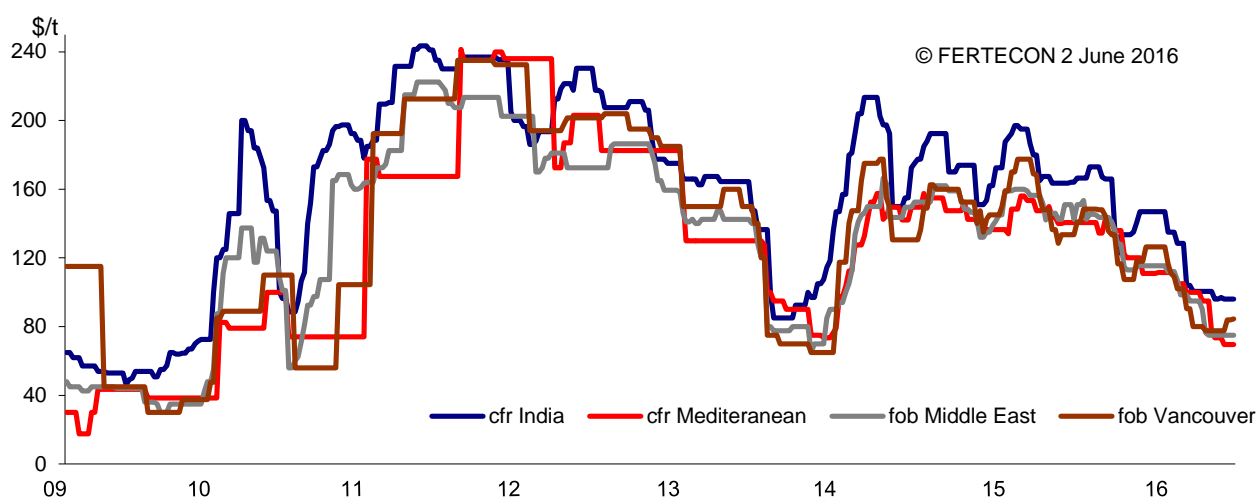
FREIGHT INDICATIONS US\$

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

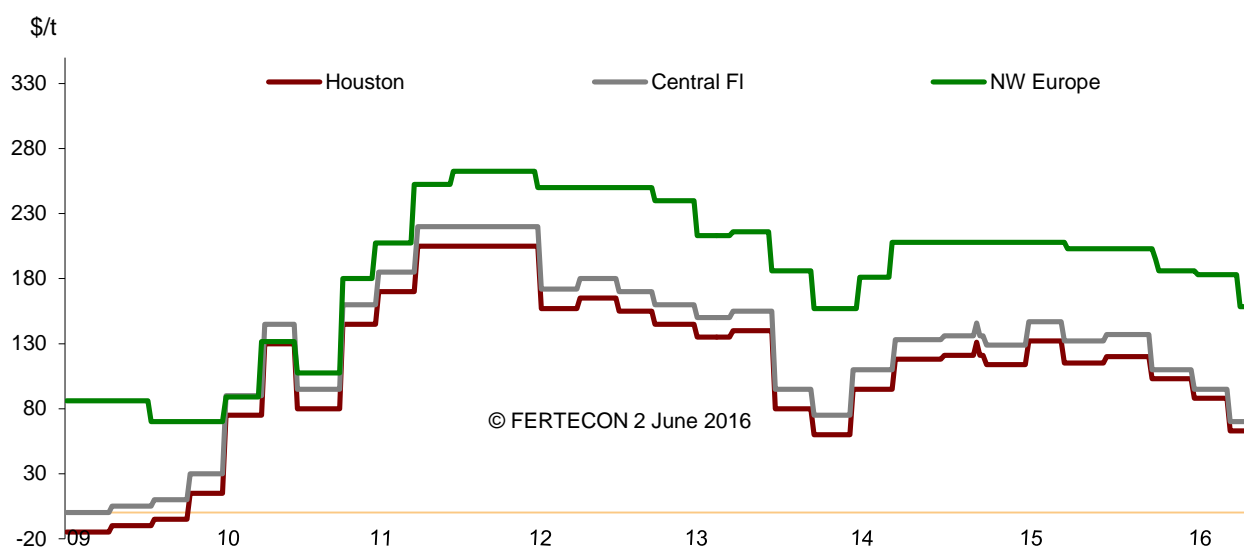
FERTECON TENDER SERVICE

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

The general mood among sulphur market participants at the 84th IFA conference in Moscow this week has been more downbeat than upbeat and the outlook for the next few months is very uncertain. Although some sources suggested a more stable outlook with the possibility of slight increases, the majority of players were of the opinion that with the additional supply entering the market later this year there is more likeliness of further softening. However, sulphur prices are already much lower compared with levels seen in the past five years (see chart above). Sellers suggested that there is very little room to manoeuvre downward and they felt that it is more likely that prices will stay stable at either side of \$80 fob. For long term contract holders the situation may be different in that they could achieve prices below the \$80s fob if they buy large quantities, as was seen in Q2 settlements in the \$60s fob Middle East.

Spot tenders and monthly price announcements this week would support the sellers' argument, given that the two Middle East majors – Saudi Aramco and Tasweeq – have now announced their June prices with an increase of \$2-4/t to \$82 and \$83 fob, respectively. Taiwan's Formosa has made an award at around \$84 fob this week against a spot tender for 15,000 t. This price is in line with its last tender award two weeks ago showing further signs of stability.

It emerged this week that Reliance has now entered into a long-term supply agreement with three traders. The seller stopped issuing spot tenders about three months ago and since then it has been selling sulphur under contract. The seller's capacity has increased due to a refinery expansion and this new agreement is a further sign that buyers and sellers are attempting to move away from spot tenders and are trying to establish more stable conditions at a time when supply is increasingly outstripping demand.

FACT, another regular spot tender issuer, has invited applications from prospective manufacturers/traders interested in the supply of sulphur in bulk to FACT in Kochi. Applications are to be submitted by 8 July. FACT imports about 220,000 t/y sulphur. Imports are made on an fob or cfr basis, normally in bulk shipments of 15,000 - 25,000 t (+/- 10%) each.

The Canadian wildfires seem to be dying down now and refiners have been allowed back on site and are bringing workers back to restart operations. Shipment delays are still expected but sulphur will slowly begin to trickle out of northern Alberta, easing the tight supply situation and possibly softening prices that have firmed in recent weeks.

MARKETS

EUROPE

BENELUX: Sulphur burners in the region are showing little willingness to pass on the Q2 sulphur price reductions to their sulphuric acid customers as they will attempt to safeguard continually eroding margins. In Q2 sulphur burners received an average reduction of about \$24-28/t, and some customers will most likely ask for at least some of it to be passed on. According to at least one sulphuric acid manufacturer, the recent introduction of a road tax in Belgium will increase costs by about €1/t.

MEDITERRANEAN: The Mediterranean market is going through a difficult period as demand is very weak and sellers have had to slash prices in recent weeks. There is very little upside to the market and it is likely that prices will remain low for the foreseeable future. Buyers in Turkey are covered for at least another two-three weeks and demand from Italy is weak. Lebanon's requirements are small at present and Egypt is covered from Libya under recent export tenders. Spain has no spot availability and Morocco is not in the market for small lots.

AFRICA

MOROCCO: OCP has opened a new trading subsidiary in Geneva on 30 May, according to press reports. The launch of Saftco SA had been in preparation for several weeks and will be dedicated to trading in raw materials other than phosphates which are used for the production of fertilisers. This means principally nitrogen and potassium. It will be headed by OCP deputy director general Tarik Choho.

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

Origin	Destination	Vessel name	'000 t	ETA
Russia, Kavkaz	Morocco, Jorf Lasfar	<i>Canary</i>	40	19 May
UAE, Ruwais	Morocco, Jorf Lasfar	<i>Abu Al Abyad</i>	50	19 May
Kuwait, Shuaiba	Morocco, Safi	<i>Destiny</i>	27	19 May

Poland, Gdansk	Morocco, Jorf Lasfar	<i>Juno</i>	25	20 May
US, Beaumont	Morocco, Safi	<i>Rodopi</i>	35	24 May
US	Morocco, Jorf Lasfar	<i>Coral Queen</i>	30	25 May
Lithuania, Klaipeda	Morocco, Jorf Lasfar	<i>Zealand Zaria</i>	20	28 May
UAE, Ruwais	Morocco, Jorf Lasfar	<i>Genco Acquitane</i>	50	1 June
US	Jorf Lasfar	<i>Sea Pioneer</i>	30	4 June
Total			307	

SOUTHERN AFRICA: A trader received about 33,000 t sulphur in Richards Bay at around \$98 cfr this past week from the Middle East. About 15,000 t of this will be shipped to the Copper Belt, the rest to South African buyers. Fresh offers have been in the mid \$90s cfr. Freight from the Middle East is around \$12-15/t. Truck and rail freight from Richards Bay to Zambia and DRC is about \$185/t, down from around \$250/t last year. As a result of the drop in freight rates, shipments from Dar es Salaam to Luasi in Zambia dried up and sulphur buyers in the Copper Belt prefer to import from Richards Bay.

Sulphuric acid from Richards Bay is offered at around ZAR 660 ex-works.

FQM's copper project in Zambia is running well, supplying about 13-15,000 t/m acid to the DRC in tanker trucks. The DRC also imports about 18,000 t/m of sulphur from Richards Bay.

The second Tenke Fungurume sulphuric acid unit is now up and running and operating well. Phase 1 requires around 10,000 t/m sulphur with a further 8,000 t/m for Phase 2. The sulphur for the plants is imported from Richards Bay.

Metorex is running and has been refurbished but operations can be at times problematic due to power shortages and technical difficulties. The plant consumes about 3,000 t/m sulphur for the burner, imported from Richards Bay. The buyer's next requirement is in July.

Glencore's new Mutanda plant is expected to start up in 2017. It is planned to have a new sulphur burner for the copper production but they also have the option to bring in the acid from the nearby Katanga plant.

It is unclear whether the Swakop Uranium mine in Namibia will start up in June but it has been suggested that the plant has been facing continued delays.

Skorpion Zinc in Namibia bought about 10-15,000 t sulphur this week under their latest tender, probably from US Gulf or the Mediterranean. Another option could be to import from Ust Luga, Russia. The latest price indications were in the \$90s cfr.

MIDDLE EAST

SAUDI ARABIA: There are rumours that the start-up of Ma'aden's new phosphate unit in Wa'ad al Shammal may be delayed into Q1 2017.

ASIA

CHINA: Chinese prices are stable in the low/mid \$90s cfr for granular sulphur and about \$10/t lower for crushed lump. Liquid sulphur prices are reportedly firming due to maintenance shutdowns in Japan and South Korea but pending further information the low end of the Fertecon range remains unchanged. The latest price announcements from the Middle East at \$82-83 fob would suggest the mid \$90s cfr as a workable price level, but it has yet to be seen whether buyers are willing to pay this given the current export price for DAP.

It has emerged that a 75,000 t shipment that was reported by Fertecon two weeks ago was a mixture of granular and crushed lump sulphur and not just crushed lump sulphur. The origin of this cargo was from Russia.

Domestic prices are around Rmb745 this week, slightly below last week's Rmb 750.

It is understood that Kailin has an estimated 300,000 t sulphur inventory, Yuntianhua 270,000 t and Yihua 250,000 t. This is expected to last them until July.

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	<i>Aurora Bulker</i>	30	16 May
Qatar, Ras Laffan	China, Fangcheng	<i>Nereus Island</i>	38	18 May
Saudi Arabia, Jubail	China, Nantong	<i>Asteris</i>	39	18 May
UAE, Ruwais	China, Nantong	<i>Armata</i>	38	20 May
Iran, Bandar Abbas	China, Nantong	<i>Seiyo Harmony</i>	30	22 May
Canada, Vancouver	Zhenjiang	<i>Sea Orpheus</i>	60	23 May
Kuwait, Shuaiba	Fangcheng	<i>Bolero</i>	25	26 May
Saudi Arabia, Jubail	China, Zhanjiang	<i>Slettness</i>	38	27 May
Qatar	China	<i>Spar Mira</i>	33	28 May
California, Long Beach	Qingdao	<i>Triton Seagull</i>	50	28 May
UAE, Ruwais	China, Zhenjiang	<i>Loyalty</i>	29	1 June
UAE, Ruwais	China, Nantong	<i>Ras Ghumays-I</i>	33	3 June
Qatar, Ras Laffan	China	<i>River Globe</i>	38	16 June
Total			481	

INDIA: Sun International sold a combined cargo to India in the high \$90s cfr, for delivery to KPR, Tata Chemicals and Andhra Sugar as a multiple-port discharge. The low-end of the Fertecon range continues to represent a spot sale to CIL and indications based on Middle East monthly price announcements for June plus freight.

FACT has invited applications from prospective manufacturers/traders interested in the supply of sulphur in bulk to FACT in Kochi. Applications are to be submitted by 8 July. FACT imports about 220,000 t/y sulphur. Imports are made on an fob or cfr basis, normally in bulk shipments of 15,000 - 25,000 t (+/- 10%) each.

Reliance has decreased its basic price for sulphur. The price with effect from 1 June is as follows:

Yard Jamnagar	Rs/t
Basic price	8,021.00
Excise Duty @ 12.5%	1,002.63
CST @ 2%	180.47
Refundable	MODVAT (1,002.63)
Selling Price	8,201.47

The price is equivalent to \$121.34 (based on exchange rate of \$1 = Rs 67.50).

AUSTRALIA: Australian buyers report no impact from the Canadian wildfires and at least two of them are expecting a shipment each in June/July from Vancouver.

NEW CALEDONIA: Vale is on target to consume about 350-400,000 t sulphur in 2016 at its nickel leaching facility. Vale's next shipment is for June from California.

INDONESIA: Vale has indicated that in 2016 it will consume about 60,000 t sulphur at its nickel plant.

A trader is loading a 35,000 t granular sulphur cargo on the *Rook* in the Middle East for delivery to Indonesia under contract.

NORTH AMERICA

UNITED STATES: It has emerged that Mosaic's new remelter can run at up to 1.5 million t/y, which is far higher than the initial estimate of about 1 million t/y. The buyer will import sulphur from the FSU and the Middle East, or from other sources depending on where the price is better.

Importing from Canada will probably drop, not only because of the fires but because it is very expensive, up to \$110/t by rail, excluding other costs such as trucking, loading etc. Therefore once Mosaic starts importing regular solid sulphur cargoes the Canadian tonnes will likely back out of the US. In theory the plant can operate at any capacity due to the technology used, but Fertecon estimates 50% for now as liquid sulphur availability is very good in the US. If Mosaic buys less liquid from the domestic market this will result in higher exports in solid form as pouring into block is not allowed in the US.

SOUTH AMERICA

BRAZIL: Vale is on target to consume 1.6 million t sulphur in 2016 in Brazil.

For 2017, its suppliers will likely remain the same but it might decide to buy a different proportion from each than in 2016. Fertecon estimates that based on freight costs and very good logistics Vale may decide to buy more from the Middle East where it holds a long term supply contract with Adnoc. At present it buys one-third of its requirements from the FSU, one-third from the Middle East and the rest from North America.

The lowest freight is from the US Gulf at \$11/t followed by the West Coast US and Canada at \$13-14/t. The Middle East is at \$14-15/t followed by Russia at \$18-19/t.

It has emerged that Vale has settled some of its Q2 contracts in the high \$70s cfr and the Fertecon range has been adjusted to reflect this. The high-end at \$92 cfr represented a spot purchase but this is no longer representative of the market and the \$87/t now refers to Q2 contract business. Vale expects Q3 pricing will be similar to Q2 and Q4 will likely remain the same.

Both Vale and Anglo American's 2017 requirements are currently expected to be in line with 2016 however there is some talk of increasing SSP production in response to a greater requirement from the farmers. If so, sulphur demand could increase accordingly.

The *Albion Bay* is expected to arrive in Santos on 19 June with 38,000 t sulphur for Vale. Other vessels in the line-up for June are as follows:

Vessel	('000t)	Buyer	ETA
<i>TBC</i>	50	Vale	June
<i>Boston Harmony</i>	38.5	Vale	June
<i>True Love</i>	38.5	TBC	16/6
<i>Albion Bay</i>	38	Vale	19/6
Total	165		

CHILE: As reported in our previous issue, Noracid has bought a cargo around \$100 cfr, to be delivered from Vancouver, Canada.

CUBA: Sherritt is expected to start-up its new sulphur burner in about two weeks. According to some European sources the start-up will have little impact on the European sulphuric acid market but Fertecon estimates that the 450,000 t sulphuric acid it will displace could send a few ripples through the international acid market given that we are already seeing negative netbacks in most selling origins.

MEXICO: Fertinal has bought a panamax cargo combined from California and Canada at an average price of about \$95-96 cfr.

Fertinal originally wanted to buy 55,000 t for mid-June loading but that was before the fires in Canada which tightened the region's availability. The buyer has now managed to buy 30,000 t from Vancouver to load late June and then the vessel will go to Long Beach, California to load a further 25,000 t around 10 July.

Fertinal's next shipment is planned for August. As last year, Fertinal is planning a turnaround at its sulphuric acid plant but this will depend on various factors and may be delayed again. This is now the third time that Fertinal has been planning to overhaul the plant but the last two times it has been put on hold. The acid plant is currently running at only about 65% of capacity. If the shutdown goes ahead the plant will be taken down in September and will be in maintenance into October.

SUPPLIERS

EUROPE

SPAIN: Repsol's current production capacity is about 500,000 t/y, much of which is exported under contract or sold in the domestic market. Its last offer was in the \$50s to \$60s fob and it is not interested in selling below that as its spot availability is low. Freight to Turkey is around \$13-15/t.

LIBYA: NOC closed a tender on 31 May and made an award to the same Libyan trader that won the last three tenders. The price for this latest tender has yet to be discovered.

FSU

KAZAKHSTAN: The Kashagan project is anticipated to start-up in Q1 2017 although most sources are sceptical of the timeline given the history of delays and technical problems at the plant due to the difficulty level of the project. Once fully operational the plant will have capacity to produce about 1 million t/y sulphur.

The volume of rail shipments to China from Kazakhstan is reported to have declined, leaving Ust Luga as the only other option from which to ship Kazakh sulphur. It is believed that high freight costs may have contributed to the drop in rail shipments to China. Rail freight to Ust Luga is estimated at \$50-60/t compared with more than \$100/t to South China. From Ust Luga exports tend to go to Morocco, Brazil and the US or in large 60-70,000 t panamax shipments to China.

RUSSIA: Availability will be very tight from the country this year as Gazprom had a four month maintenance shutdown that ended in March, reducing the seller's availability by 700,000 t. Gazprom is estimated to have a buffer of about 400,000-500,000 t in inventory. Domestic demand is stable so this will leave less sulphur for exports. At present the Astrakhan fields produce about 4 million t/y sulphur and Orenburg about 1 million t. According to industry estimates, exports will be about 3.0 million t, down from the forecast 3.7 million t as a result of the low availability. In 2015 Russia exported 3.25 million t and 4.12 million t in 2014.

Other smaller producers, such as Bashnyeft, produce about 200-300,000 t/y. Norilsk in the North also produces some sulphur but due to the high logistics costs most of it is poured into block.

TURKMENISTAN: Sales from Turkmenistan have dropped as exports do not work at present due to high freight costs.

There has been no tonnage shipped to Georgia this year, compared with three cargoes last year to Morocco.

ASIA

INDIA: A shipment of about 14,000 t is currently loading in Sikka and the same vessel will sail to Bedi to load a further 29,700 t on 6 June.

It emerged this week that Reliance has now entered into a long-term supply agreement with three traders. The seller stopped issuing spot tenders about three months ago and since then it has been selling sulphur under contract. The seller's capacity has increased due to a refinery expansion and this new agreement is a further sign that buyers and sellers are attempting to move away from spot tenders and are trying to establish more stable conditions at a time when supply is increasingly outstripping demand. Reliance is estimated to produce about 900,000 tonnes sulphur per year.

JAPAN/SOUTH KOREA: There are believed to be various refinery maintenance shutdowns in the two main liquid sulphur suppliers to China, which could potentially result in some firming pricing and reduced availability.

TAIWAN: Formosa closed a tender on 1 June for 15,000 t sulphur to load between 16-20 June. An award is reported to have been made in the range \$83-85 fob.

MIDDLE EAST

IRAN: There appear to have been no tenders since Kharg's last spot sale a couple of weeks ago in the low \$80s fob.

KUWAIT: KPC has a major maintenance overhaul this year and as part of this they have taken down part of the Shuaiba refinery, reducing its sulphur availability to 700,000 t this year, down from 800,000 t last year. The Shuaiba refinery will eventually be replaced by a brand new, enlarged refinery in about two years. The two new projects will completely overhaul KPC's sulphur production and exports capabilities.

In 2017 they will still be tight on sulphur but from 2018 when the new plant comes on stream they will have 1.5 million t for exports gradually increasing to 1.8 million t in 2019 and by 2020 it will go up to 2.2 million t.

There will also be a new port facility which is expected to be completed in 2017. The upgrade will increase load rates and they will also be able to accept larger vessels, reducing freight rates.

QATAR: Tasweeq has announced its June lifting price at \$83 fob, up from \$79 fob in May.

Phase I of the major Barzan project is forecast to start up sometime in Q3 and Phase 2 in Q4, according to latest company estimates by Tasweeq. However, sulphur output is not expected to increase substantially this year as the plants will first go through a ramp up phase and if all goes well both plants will have about 400,000 t/y capacity from 2017. However, no new sales have been factored

into Tasweeq's 2016 calendar year from these projects. The Barzan project has been delayed several times because of ruptured pipes on the seabed which had to be changed.

It has emerged that Tasweeq also has facilities to pour into block at an undisclosed capacity.

UAE: Adnoc has yet to announce its monthly price. It is only supplying regular contract cargoes at present and has no spot availability.

SAUDI ARABIA: Saudi Aramco has announced its June lifting price at \$82 fob, up \$2/t on May.

Ameropa is loading 40,000 t on the *Tasman Castle* in Jubail for delivery to China.

ASIA

JAPAN: Idemitsu's Chiba refinery has finished a planned turnaround and the plant is now gradually increasing its production. Cosmo's Chiba refinery has reduced production and is now running at 50% capacity until the beginning of July. The Kawasaki refinery is also currently in a planned maintenance turnaround.

NORTH AMERICA

CANADA: Three recent sales have pushed prices up marginally this week. Noracid in Chile is understood to have bought just under \$90 fob, and Fertinal in Mexico has also bought in the high \$80s fob for July delivery. Another shipment has been sold at \$87 fob this week.

It is estimated that port stocks are about 60-70,000 t at Vancouver at present due to the wildfires, down from an average of about 130-140,000 t.

Firms and workers are now moving back into the towns in Alberta and plants are slowly starting up.

UNITED STATES: Fertinal is reported to have bought a part cargo of about 25,000 t from California in the \$80s fob, bringing Fertecon's range up from the \$70s fob. This shipment will be combined with the above mentioned sale from Canada, bringing Fertinal's total purchase to about 55,000 t from the two locations.

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