

25 August 2016

- Unconfirmed reports of sale of Saudi Arabian cargo into China at \$75 fob
- China price edges higher as inventories fall but concern over potential end user demand
- IGCC awards 30,000 t crushed lump sulphur at \$64 fob Bandar Abbas
- Chinese imports fall below 900,000 t in July

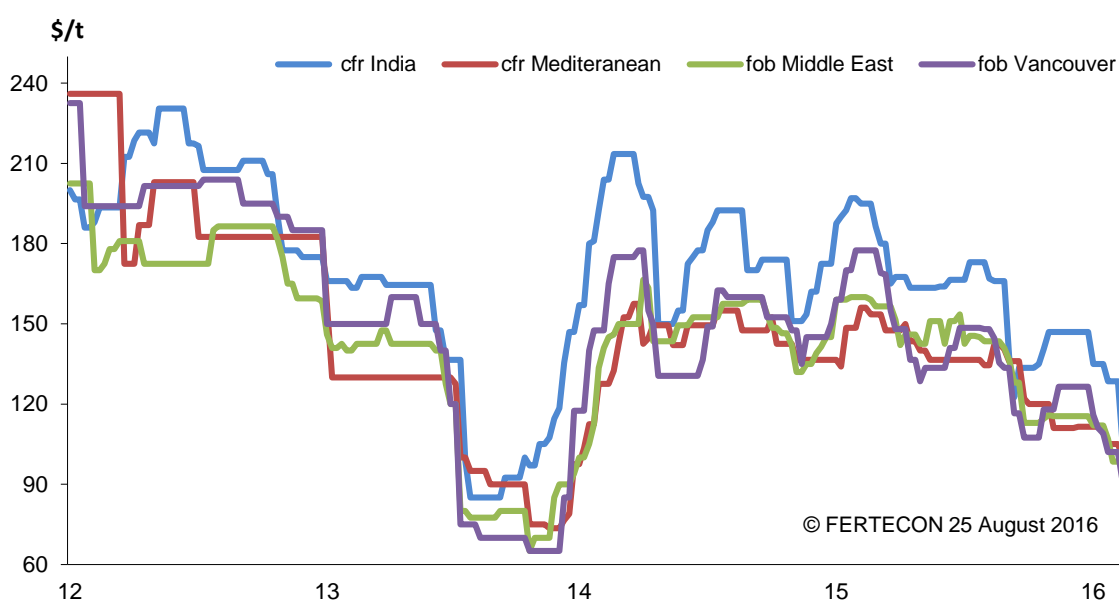
OUTLOOK

Stable to firm

KEY PRICES

	25 August	18 August	11 August
Vancouver spot \$/fob	69-73	69-73	69-73
Middle East \$/fob	60-72	60-72	57-70
Med (inc. N.Africa) \$/cfr	60-76	60-76	60-76
North Africa cfr (contract) \$/cfr	60-76	60-76	60-76
Central Florida (liquid, LT) \$/deliv	65	65	65

SOLID SULPHUR PRICES



SULPHUR PRICE INDICATIONS ALL PRICES IN US\$

	25 August	18 August	11 August	
Med cfr (includes N Africa)	60-76	60-76	60-76	Indicative
Med cfr (small lots N Africa)	60-70	60-70	60-70	Indicative
Med cfr (small lots other markets)	60-70	60-70	60-70	Indicative
North Africa cfr (contract)	60-76	60-76	60-76	Q3 contracts
Med fob (small lots)	47-56	47-56	47-56	Netback Indications
China cfr	55-83	55-82	57-79	
China cfr spot	55-83	55-82	57-79	
India cfr	81-83	79-83	79-83	
Brazil cfr	76-80	76-80	76-80	Spot/Q3 contracts
Vancouver fob contract	69-73	69-73	69-73	Indicative Netbacks
Vancouver fob spot	69-73	69-73	69-73	Indicative Netbacks
California fob	74-80	74-80	74-80	Indicative Netbacks
Middle East fob	60-72	60-72	57-70	Full ME price range
Middle East fob contract	60-71	60-71	60-71	Q3 business
Middle East fob spot	65-72	65-72	57-67	
Tasweeq Qatar Sulphur Price (fob)	65	65	65	
Saudi Aramco monthly price (fob)	66	66	66	
Middle East – Adnoc (fob)	70	70	70	
NW Europe cpt	138-158	138-158	138-158	Q3 contracts
Delivered Benelux (refinery)	98-112	98-112	98-112	Q3 contracts
Tampa/Deliv.Cent.Fla (LT)	65	65	65	Q3 contracts
Cfr Houston (LT)	58	58	58	Q3 contracts
Galveston (LT) ex-tank	58	58	58	Q3 contracts

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](#).

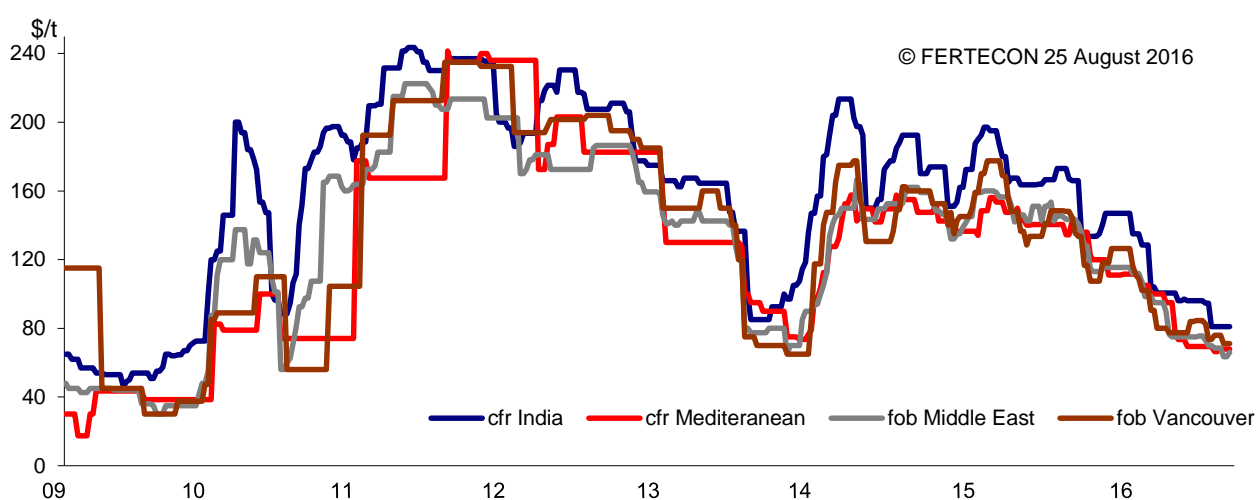
FREIGHT INDICATIONS US\$

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

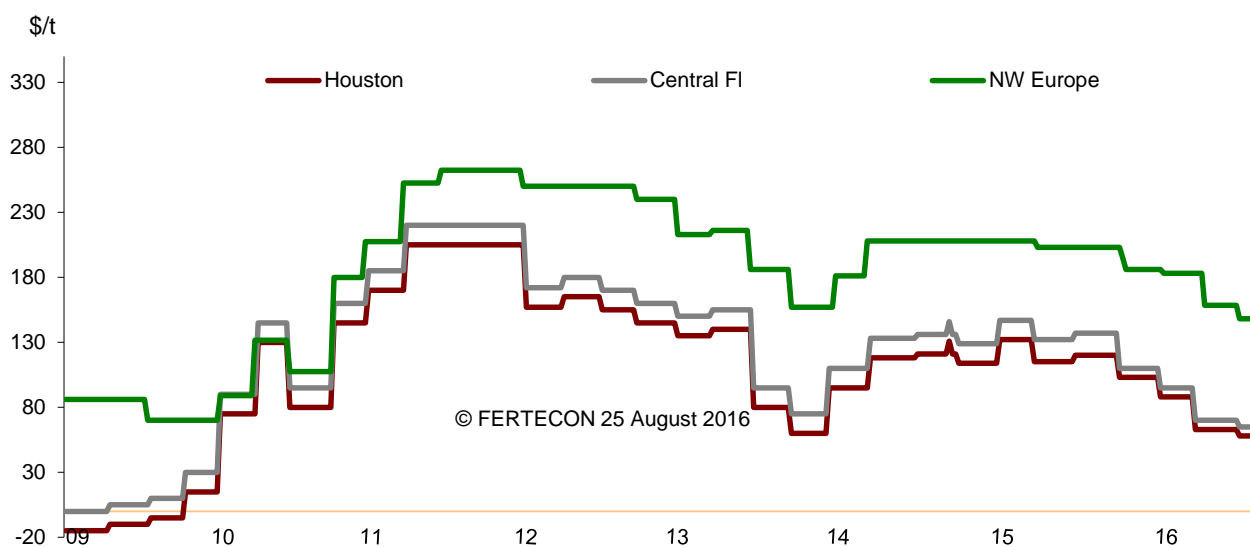
FERTECON TENDER SERVICE

Holder/Country	'000 t	Close	Load/Deliv.	Notes
Toros/Turkey	15	6 August	August/September	Rumours in the high \$60s fob
RCF/India	10	1 August	September	Awarded at Rs 3,619 ex-refinery
IGCC/Iran	30	23 August	1-half Sept	Awarded at \$64 fob
IGCC/Iran	30	29 August	1-half Sept	
BCIC/Bangladesh	10	21 September	Q4	
*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

A slightly firmer sentiment has been creeping into the sulphur market over the past week or two reflected in a very slight uptick in price indications in China. Price ideas from the Middle East are several dollars higher and there have been unconfirmed reports of a sale to China out of Saudi Arabia at a \$75 fob netback which would give a landed price in the upper \$80s cfr China depending on freight and trader margin.

Certainly the market is anticipating some kind of increase in the new monthly lifting prices expected to be announced for September from the UAE and Saudi Arabia over the coming week but whether it will equate to \$75 fob Jubail remains uncertain at this stage. All eyes are on China and the level at which product will start to really move. There is concern that although inventories are beginning to come down, the present firming is solely due to trader activity and little to do with end user demand. If this is the case then it is a bubble which will burst soon enough.

With sulphuric acid prices firming up over the past few weeks, there has been some hope that in India in particular, buyers will switch away from sulphuric acid to take more sulphur. Current price ideas for spot sulphuric acid tonnes out of the Far East are over \$30 cfr India which makes sulphur at \$80 cfr more interesting. However if sulphur prices start to move up again, the differential moves back in favour of acid. The same is true for Morocco where sulphuric acid imports have come close to 700,000 t in 1-half this year, over double the volume bought last year and due in part to more favourable pricing.

The IGCC tender due to close next week in Iran for 30,000 t granular sulphur should give some more direction to the market. In the meantime the market is quiet with Q4 contract negotiations yet to get underway.

MARKETS

EUROPE

TURKEY: Bagfas has yet to conclude a deal yet for sulphur with the buyer's price ideas lower in the range \$60-65 cfr.

According to the latest GTIS data, first half sulphur imports reached 135,000 t, almost double the volume of previous years. This is due to the start-up of Toros' sulphur burner. The bulk of the imports were sourced from Greece, Bulgaria and Italy with 30%, 20% and 17% of the import share accordingly. Source: State Institute of Statistics

AFRICA

MOROCCO: No new spot business has been confirmed this week. OCP's price ideas are in the low \$70s cfr for granular product.

OCP has been operating its granulation lines at Jorf Lasfar at close to capacity since May. Phosphoric acid production has been operating at a high rate, not just feeding the requirements from the granulation side but also to support the solid demand for phosphoric acid from India. Over this period, OCP has brought on stream its new 450,000 t/y P₂O₅ phosphoric acid unit at JPH-2 plus the associated new sulphur burner with over 1 million t/y sulphuric acid capacity. The phosphoric acid unit at JPH-2 has been ramped up to 100% capacity with granulation to start in Q4.

Despite the addition of new sulphur burning capacity at JPH-1, OCP has been importing sulphuric acid at a much higher rate this year with close to 700,000 t purchased in 1-half 2016, over double the volume imported in 1-half 2015. Part of this can be explained by lower prices earlier this year compared with sulphur but if contracted sulphur prices stay weak and Q4 sulphuric acid contract prices move further in line with current spot values in the high \$20s-30s cfr, demand for sulphuric acid could decline in favour of sulphur.

The following is a list of vessels for Safi and Jorf Lasfar:

Origin	Destination	'000 t	Vessel name	ETA
UAE, Ruwais	Jorf Lasfar	50	<i>Baltic Leopard</i>	12 August
Russia, Kavkaz	Jorf Lasfar	40	<i>Strofi</i>	16 August
Kuwait, Shuaiba	Safi	25	<i>Sea Meray</i>	17 August
UAE, Ruwais	Jorf Lasfar	50	<i>Georgios S.</i>	18 August
Total		165		

The latest GTIS data for 1-half show an 8% year on year increase in sulphur imports into Morocco, reaching a record level for the six-month period. The most significant change to shipments this year has been the sharp rise in imports from the UAE, accounting for 44% of total imports in the first half of this year.

Imports in the month of June totalled 423,000 t, in line with the previous three months with 160,000 t from the UAE and 123,000 t from Russia. Additional cargoes were also imported from Poland, the US, Germany and Spain.

Morocco Sulphur Imports January-June ('000 t)			
	2014	2015	2016
United Arab Emirates	422.7	681.8	1,053.9
Russia	816.8	681.8	471.7
Poland	198.5	173.4	189.6
United States	207.6	129.8	187.7
Spain	118.9	111.3	132.1
Kazakhstan	-	-	93.8
Canada	-	-	85.4
Kuwait	61.8	126.0	60.0
Saudi Arabia	141.2	148.3	32.0
Other	187.1	155.1	73.2
Total	2,154.6	2,207.5	2,379.3

Source: GTIS/Office des Changes

SOUTH AFRICA: Foskor has been tentatively in the market for a September sulphur cargo but as yet has not concluded anything. It will receive the *JS Columbia* into Richards Bay with 38,500 t sulphur ex-Saudi Arabia on 25 August, booked from Transfert.

Trammo shipped the 30,688 dwt *Osogovo* ex-Ust Luga, Russia for arrival into Richards Bay this week, with the cargo sold to South African Pulp and Paper Industries (SAPPI).

Foskor has continued to ramp up its production facilities at Richards Bay following the shutdown during June and is estimated to be operating at around 65% capacity. If so, this would equate to around 40,000 t/m P₂O₅ phosphoric acid.

TUNISIA: GCT is still reported to be running DAP production on one line only, consuming around 400 t/d ammonia, equivalent to about 52,000 t/m DAP.

ASIA

CHINA: There have been multiple reports of small lots of granular sulphur purchased at \$82-83 cfr late last week and at \$83 cfr this week, the latter based on supply from the Middle East to load in September. Saudi Aramco is also reported to have sold 35,000 t granular sulphur for 2-half September shipment from Saudi Arabia, with unconfirmed reports that a price equivalent to \$86-87 cfr was agreed. Speculator demand appears to have been responsible for permitting the top end of the price range to inch up to \$83 cfr this week, with end-user demand for additional cargo still comparatively subdued. Indeed, end-users' price ideas remain below \$80 cfr and there are reports of a Middle East cargo sold at \$75 cfr alongside comments that it was no easy feat to convince the end-user to accept this price. This is despite reports of phosphate producers holding relatively low stocks and at a time when sulphur consumption is almost reaching its peak level as manufacturers gear-up in preparation for distributor demand for phosphate fertilizer for autumn season application.

Prices for crushed lump sulphur at the high end of the range in the low \$70s cfr remain unchanged, with buyers reluctant to buy more September loading lots.

Liquid sulphur prices are similarly flat in the mid \$50s cfr at the low end although there are reports of buyers' price ideas upping slightly to the low/mid \$60s cfr.

In the domestic market, Puguang increased its ex-Wanzhou port price by Rmb 10 to Rmb 700 yesterday. This is a little stronger than average retail prices for granular sulphur of about Rmb 690. Prices both north and south are lower still at about Rmb 680 in both Qingdao in the north and Fangcheng and Beihai in the south. Overall port inventories have reduced this week, put anywhere between 1.76 million t and 1.8 million t.

The *Umm Ad Dalkh* has sailed from Qatar for this market in recent days, shipped by Swiss Singapore.

The following is a list of vessels in the line-up at various ports in China:

Origin	Destination	'000 t	Vessel name	ETA
Saudi Arabia	Zhanjiang	32	<i>Sea Arrow</i>	3 August
Russia, Kavkaz	Zhenjiang	40	<i>Captanyannis L.</i>	15 August
Iran, Bandar Abbas	Fangcheng	30	<i>Yangtze Ambition</i>	16 August
Saudi Arabia	Zhenjiang	38	<i>V Red Knot</i>	17 August
Saudi Arabia	Nantong	35	<i>Lucent</i>	20 August
Qatar, Ras Laffan	Zhanjiang	32	<i>DN Vatan</i>	25 August
US, Long Beach	Fangcheng	45	<i>DN Millet</i>	14 September
Total		252		

The latest GTIS data tell us that having spiked in June at 1.36 million t, sulphur imports dropped in July by over 500,000 t. The two months together actually average out at 1.1 million t, a figure perhaps more reflective of prevailing demand.

For the first seven months over 35% were sourced from Saudi Arabia and the UAE, up from a share of 26% in both 2014 and 2015. Volumes from both sources have increased this year due to additional production capacity in both countries. Export quantities from both Kazakhstan and Turkmenistan continued to fall away as the year progressed.

China Sulphur Imports ('000 t)						
	January - July			July		
	2014	2015	2016	2014	2015	2016
Saudi Arabia	1,280.1	1,245.1	1,648.0	367.4	216.9	178.7
UAE	294.0	463.0	958.8	23.0	170.1	153.7
Korea South	519.8	681.1	740.9	85.3	109.3	102.9
Japan	579.7	560.0	707.6	69.9	63.2	99.5
Canada	254.1	509.1	668.1	-	177.8	20.1
Iran	720.6	774.9	615.1	135.9	254.6	44.0
Russia	434.6	114.0	401.7	46.3	18.3	71.6
Turkmenistan	42.9	312.9	305.9	-	84.3	41.2
Kazakhstan	868.5	892.4	283.9	184.4	128.2	4.6
Other	967.2	1,051.2	1,093.1	155.8	139.7	139.7
Total	5,961.6	6,603.7	7,423.2	1,068.0	1,362.4	856.1

Source: GTIS/China Customs

INDIA: There has been no indication of any fresh buying activity, with buyers' requirements already covered by earlier purchases. However, price indications have moved up to \$81-83 cfr on the back of firming prices in China with \$81 cfr reported to be the most competitive price available to buyers.

IFFCO is due to receive the *Luzren* with around 30,000 t sulphur at Paradeep during 1st week September under its long term contract with Swiss Singapore.

The latest provisional data from the FAI show DAP/DAP Lite production was 287,130 t in July, 17% below June but up 9% on July 2015. This brought April-July production to 1.397 million t, up 44% on output of 967,800 t in the first four months of the 2015-16 fertilizer year.

The latest provisional data from the FAI show NP/NPK production was 808,200 t in July, 7% above June but down 5% on July 2015. This brought y-t-d production to 2.586 million t, down 4% on output of 2.695 million t January-April 2015.

OCEANIA

NEW ZEALAND: Just over 46,000 t sulphur arrived from Canada in July making a monthly import total of 46,600 t. Over the year to-date imports are down 19% on imports in the first seven months of 2015.

NORTH AMERICA

UNITED STATES: Primary Resources is loading 5,000 t sulphur on the *UBC Miami* in Trinidad and Tobago for Tampa for supply to Mosaic's melter. The price is understood to be in line with previous recent reported business to Tampa.

The 56,548 dwt *Bomar Oyster* is due to arrive in Tampa today, 25 August, having sailed from Ust Luga, Russia on 5 August.

SOUTH AMERICA

BRAZIL: Anglo American is reported to have made an award to a trader at about \$80 cfr based on supply from the US Gulf under its 17 August for 35-37,000 t granular sulphur for arrival during 1-half November.

The following vessels are in the line up to deliver sulphur to Santos for Anglo American and Vale:

Origin	Destination	'000 t	Vessel name	Buyer	ETA
US, Beaumont	Santos	40	<i>Porto Leone</i>	Vale	16 August
Kuwait, Shuaiba	Santos	30	<i>Otzias</i>	Vale	17 August
Donaldsonville/Beaumont	Santos	39	<i>Star Hansa</i>	Anglo	20 August
Russia, Ust Luga	Santos	39	<i>Moondance</i>	Vale	22 August
UAE, Ruwais	Santos	38	<i>Oceanlady</i>	Vale	31 August
Total		148			

MEXICO: The 57,000 dwt *Naess Resolute* is loading about 50,000 t granular sulphur in Long Beach, west coast US, covering Fertinal's earlier reported purchase at a price equivalent to about \$90 cfr from HJ Baker and Oxbow.

Fertinal's next requirement for sulphur is understood to be for October shipment, again for a panamax volume.

It is understood that another cargo is loading in the US this month with about 25,000 t for Boleo.

SUPPLIERS

EUROPE

GREECE: Ameropa has loaded two vessels with sulphur in Greece recently; the *Bahar K* with 6,000 t that sailed from Eleusis on 18 August and arrived in Ashdod, Israel on 21 August; and the *Southern Breeze* with 5,000 t that sailed from *Agioi Theodoroi* also on 18 August and arrived in Abu Qir, Egypt on 20 August.

FSU

KAZAKHSTAN: TCO is reported to have sold 1.12 million t sulphur in 1-half 2016 compared with 1.57 million t in 1-half 2015.

MIDDLE EAST

MIDDLE EAST SHIPPING: The following shipments have sailed from various Middle Eastern ports in recent weeks:

Origin	Destination	'000 t	Vessel name	ETD
Saudi Arabia	Zhanjiang	32	<i>Sea Arrow</i>	15 July
Kuwait, Shuaiba	Santos	30	<i>Otzias</i>	17 July
UAE, Ruwais	Jorf Lasfar	50	<i>Baltic Leopard</i>	18 July
Kuwait, Shuaiba	Safi	25	<i>Sea Meray</i>	22 July
UAE, Ruwais	Jorf Lasfar	50	<i>Georgios S.</i>	25 July
Iran, Bandar Abbas	Fangcheng	30	<i>Yangtze Ambition</i>	27 July
Saudi Arabia	Nantong	35	<i>Lucent</i>	27 July
Qatar, Ras Laffan	Esperance	30	<i>Penghu SW</i>	27 July
UAE, Ruwais	Paradeep	25	<i>Ken Orchid</i>	27 July
Saudi Arabia	Zhenjiang	38	<i>V Red Knot</i>	1 August
UAE, Ruwais	Santos	38	<i>Oceanlady</i>	3 August
Qatar, Ras Laffan	Aqaba	30	<i>Dalarna</i>	3 August

Qatar, Ras Laffan	Zhanjiang	32	<i>DN Vatan</i>	7 August
Qatar, Ras Laffan	China	30	<i>Umm Ad Dalkh</i>	23-24 August
Total		445		

IRAN: IGCC is reported to have awarded a Chinese trader at \$64 fob under its 23 August tender for 30,000 t crushed lumped sulphur for 1-half September loading in Banda Abbas, up \$7 on its last tender award.

The supplier has issued another tender, closing on 29 August, for 30,000 t granular sulphur for 1-half August shipment from Bandar Assaluyeh.

QATAR: The *Umm Ad Dalkh* has sailed from Ras Laffan for China in recent days, shipped by Swiss Singapore.

SAUDI ARABIA: Saudi Aramco is reported to have sold 35,000 t granular sulphur for 2-half September shipment to China, with unconfirmed reports that a price of \$75 fob was agreed.

It has emerged that although the Berri block has been cleared, sulphur continues to be poured at the site and exports will resume in October. The breaking up of the block and exports tend to be suspended during the summer months due to the desert heat but they normally resume in the autumn which is expected to be the case this year again. While TCO in Kazakhstan also depleted their sulphur block last year they are not allowed to pour again, whereas Saudi Aramco is allowed and will be doing so as it is believed that they do not have the capacity to granulate all sulphur produced at the site.

NORTH AMERICA

UNITED STATES: A trader is reported to have been awarded Anglo American's 17 August tender for 35-37,000 t granular sulphur for 1-half November delivery to Brazil based on supply from the US Gulf at a reported price estimated to netback to the mid \$60s fob before margins.

The 57,000 dwt *Naess Resolute* is loading about 50,000 t granular sulphur in Long Beach for west coast Mexico, covering the earlier reported sale at about \$80 fob by HJ Baker and Oxbow to Fertinal.

It is understood that another cargo is loading in California for Mexico this month with about 25,000 t for Boleo.

FREIGHT

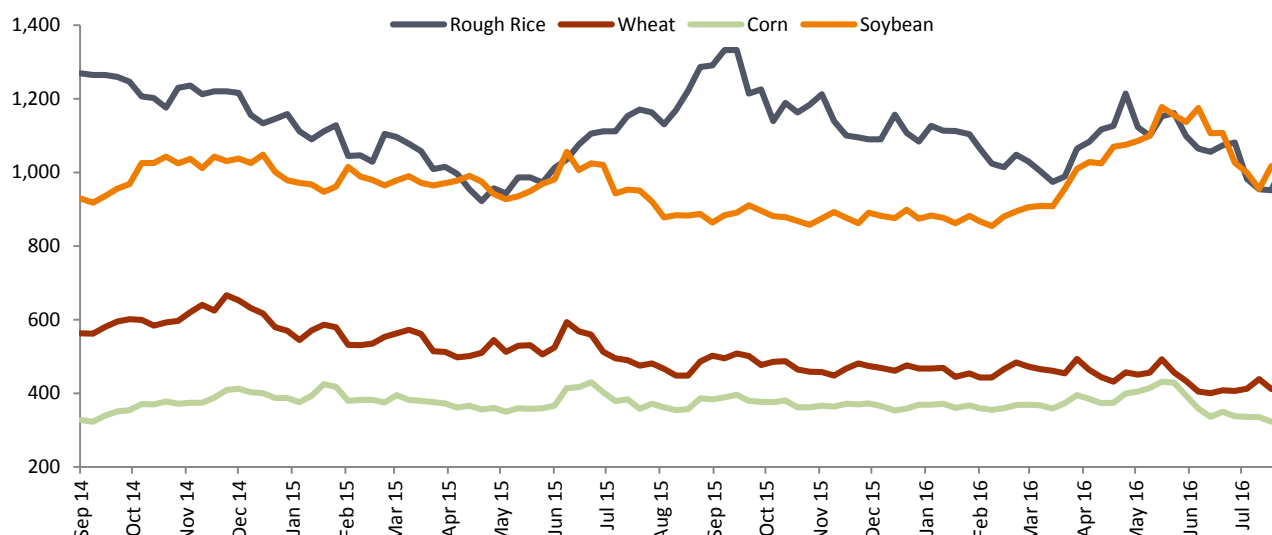
DATE	Baltic Capesize	Baltic Panamax	Baltic Supramax	Baltic Handysize	Baltic Dry Index
19 Aug	843	727	686	412	683
22 Aug	848	721	694	416	687
23 Aug	861	714	702	420	692
24 Aug	910	706	706	425	706

25 Aug

Source: Baltic Exchange

AGRICULTURE

WEEKLY CBOT CROP PRICES (¢/BU)



CROP FUTURES

CME CROP FUTURES (cents/bushel)						
Product	Q3 2016	Weekly Change	Q4 2016	Q1 2017	August 2015	Annual Change
Corn	327.4	-2.8	336.2	346.0	361.6	-9%
Wheat	407.6	-10.6	434.0	450.2	466.4	-13%
Soybean	1,030.6	+0.1	1,005.2	1,006.0	877.6	+17%
Rough Rice	1,008.0	-14.5	1,008.5	1,034.5	1,131.0	-11%

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

CORN: Crop scouts on the Pro Farmer crop tour continue to move into some of the best corn-growing regions in the US, increasing corn-yield estimates, weighing on prices.	WHEAT: Talk of large wheat production estimates in both Ukraine and Russia whilst the US continues to receive favourable weather are adding pressure to the market, causing a 10 cent decline w-o-w
SOYBEAN: Remained flat however prices are under pressure. Reports from the Pro Farmer crop tour are shoring up expectations for a bumper US output, with potential record yields	RICE: Rice futures decreased this week, mostly correcting the recent increase which was attributable to spilled over sentiment from neighbouring crop markets; fundamentals remain weak.

REGIONAL MARKETS

FSU: In Russia, farmers plan to increase total cultivated area by 6% from a year ago, having already sown 4% of the planned area of 17.35 million hectares, according to the ministry. Last autumn, Russia reduced its sowing area to a lower 16.4 million hectares, owed to dry weather. Russia is also still harvesting the current marketing year's grain crop; expected to reach a record 110 million tonnes.

Meanwhile in Ukraine, farmers have also launched the winter sowing for the 2017 campaign, seeding 139,000 ha of winter rapeseed, the agriculture ministry also revealed. Farms plan to sow around 700,000 ha of winter rapeseed this year. A senior ministry official this week said farmers were likely to increase the area sown for winter grains for 2017 to 7.3 million ha from 7 million last year due to better weather. Poor weather last autumn forced farmers to reduce the area under winter grains. The area under winter wheat could be up to 6.5 million hectares for the 2016/17 season, the official said.

UNITED STATES: US corn conditions improved slightly over the past week, moving up to 3rd highest since 1989 according to MDA Weather Services. Corn conditions also remained considerably above the 1989-2015 average and well ahead of last year at this time, indicated Kyle Tapley, senior agriculture meteorologist at MDA.

“Corn conditions improved significantly across Michigan over the past week thanks to recent rainfall, but conditions declined across Kentucky and Colorado,” said Tapley. “Elsewhere, changes in corn conditions were relatively minor.”

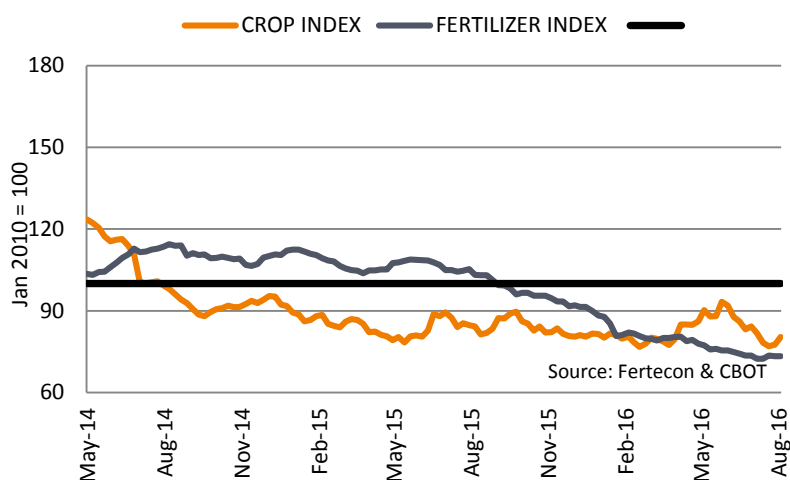
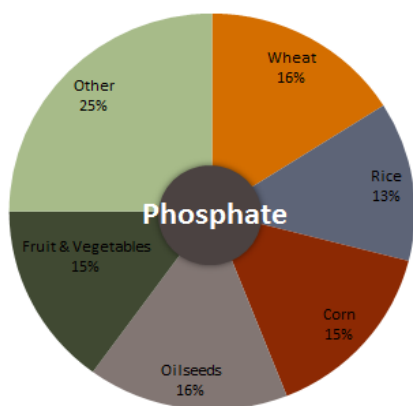
Meanwhile US soybean conditions also improved slightly over the past week, now ranking 2nd highest since 1989 and remaining well above last year and the 1989-2015 average. Soybean conditions improved significantly in Michigan and Ohio, but declined significantly in Louisiana due to recent flooding, added the MDA report.

In terms of crop progress, 40% of the US corn crop is now denting nationally, slightly ahead of the 5-year average of 35% and last year at this time when 34% of the crop was denting. For soy, currently 89% of the crop is setting pods nationally, slightly ahead of the 5-year average of 85% and last year at this time when 85% of the crop was setting pods. The soybean crop is beginning to drop leaves across the Delta and the northern Plains, with 7% of the crop in South Dakota and 6% of the crop in North Dakota dropping leaves.

PHOSPHATE 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.

<http://agribusinessintelligence.informa.com/>

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