

Ammonia Report

Weekly review of the ammonia market

11 August 2016

- The OPZ ammonia/urea complex in Odessa in a complete shutdown due to gas shortage
- Production problems at the Pilbara plant in Australia prompt Yara to spot purchases from Mitsui and Petronas
- The Sorfert ammonia/urea complex in Algeria in a complete shutdown for turnaround until early September
- LSB Industries' El Dorado ammonia plant restarts following an unplanned 2-week outage

OUTLOOK

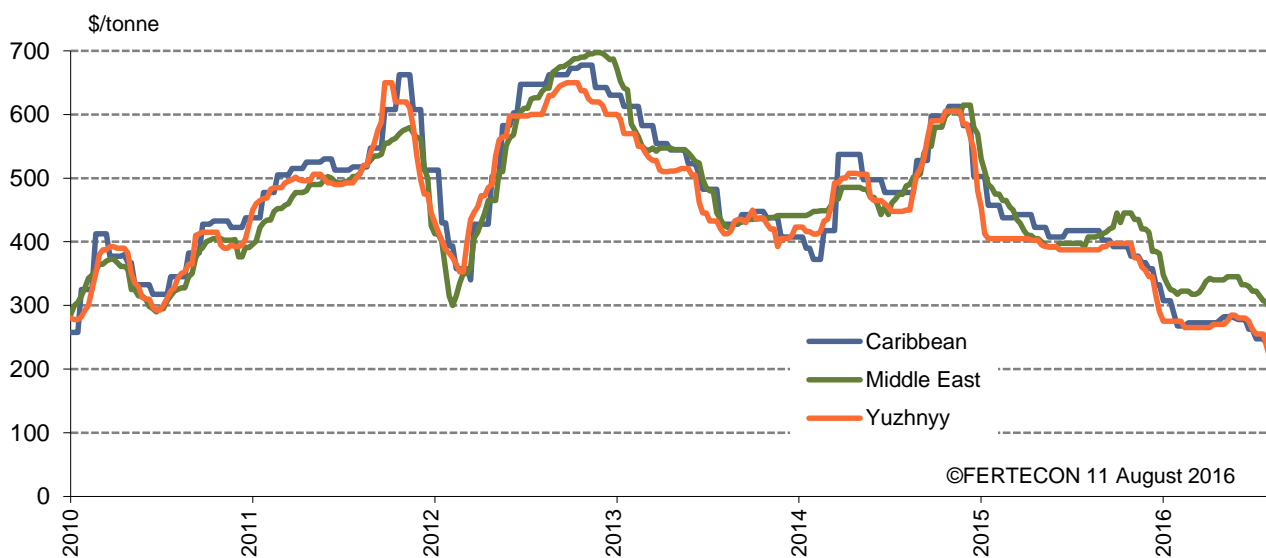
Bearish.

KEY PRICES

	11 August	4 August	28 July
Yuzhnyy fob \$/t	200-210*	210-220*	230-240*
Middle East fob \$/t	260-290*	280-300*	295-315*
Tampa/US Gulf cfr \$/t	270-275	270-275	270-290**

* nominal; ** Low end refers to August price, high end refers to July price

AMMONIA PRICES



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

AMMONIA PRICE INDICATIONS ALL PRICES IN US\$

	11 August	4 August	28 July
Fob prices			
Caribbean	230-235	230-235	230-250
Middle East	260-290*	280-300*	295-315*
<i>Of which:</i>			
- Netbacks on contract/formula-priced sales	260-290*	280-300*	300-315*
- Spot fob	n.m.	295*	295*
Yuzhnyy/FSU fob	200-210*	210-220*	230-240*
Baltic/FSU	210-220*	220-225*	250-260*
Southeast Asia	285-300	290-300	300-310
Delivered prices			
NW Europe (duty paid/duty free) *	269-285	285-295	316-332
NW Europe (duty unpaid) *	255-270	270-280	300-315
Far East	307-340	307-350	325-360
India	280-325	280-325	325-355
US Gulf/Tampa	270-275	270-275	270-290**
- Tampa	270	270	270-285**
- US Gulf (MS, LA, TX)	275	275	275-290**
FERTECON PRICE DEFINITION Prices, rounded to the nearest US\$, represent the last known spot and contract business and current indications, for 4-40,000 t cargoes, net of credit. * nominal; n.m. – no market; ^corrected; ** Low end refers to August price, high end refers to July price The full history of Fertecon's ammonia prices is available to view and download by clicking here .			

FREIGHT INDICATIONS US\$/TONNE (RATES BASIS 1-1 UNLESS STATED)

Route	Cargo size (t)	Latest rate
Caribbean –Tampa/USG	23,500	38-42
Baltic (Ventspils) – Antwerp/Belgium	23,500	23-25
Baltic (Ventspils) – NW Europe (France)	8-15,000	42-45
Black Sea – NW Europe (excl Scandinavia)	12-15,000	75-80
Black Sea – Antwerp/Belgium	23,500	60-65
Black Sea – Morocco	23,500	35-45
Black Sea – US (1-1 Tampa)	40,000	60-65
Black Sea – India (1 port E. Coast)	40,000	80-85
Middle East – India (1 port W. Coast)	23,500	25-30
Middle East – India (2-3 ports W. Coast)	15,000	40-45
Middle East – India (1 port E. Coast)	15,000	50-65
Middle East – India (1 port E. Coast)	23,500	45-55
Middle East – Far East (Taiwan)	23,500	70-75
Middle East – Far East (South Korea)	23,500	75-85
Indonesia – Taiwan	15-20,000	40-45

ANALYSIS

This week brought further announcements of supply disruptions in the international ammonia market with the OPZ plant in Odessa going down mid-week due to gas shortage and reports that the Yara Pilbara, which went down last week due to technical issues, has not restarted yet. The downturn in Australia prompted Yara to look for alternative supply sources in **Asia** and two new spot deals have been concluded. Mitsui sold 10,000 t to Yara for delivery to South Korea, priced on a delivered basis under formula. Moreover, Yara has purchased 15,000 t from Petronas, priced on a fob formula basis for lifting around a week from now.

Elsewhere in Asia, contract prices have been reported to be lower at around \$316-335 cfr level in South Korea and the latest contract delivery from the **Middle East** to Taiwan is understood to be priced at around \$330 cfr. The latter gives an estimated Middle East netback of around \$260 fob and our overall Middle East ammonia price range is estimated to be \$260-290 fob. Trammo is understood to have purchased 15,000 t from GPIC for August loading in Bahrain but details of the deal remain confidential.

In the **Black Sea**, prices are understood to have reached close to the \$200 fob mark based on the netbacks on known delivered prices to Morocco and Turkey. Overall, our Yuzhnyy fob index is assessed at \$200-210 fob level this week and although there is no confirmation that the \$200 fob level has been broken, the downward pressure on prices continues. The entire OPZ ammonia/urea complex in Odessa has been forced to stop production due to gas shortage this week and it is not known how long the closure may last.

There has been a rumour of potential new spot sale concluded by an ammonia buyer in east coast **India** at low \$270s cfr but the supplier could not be identified and the deal could not be confirmed at the time of writing. In the light of this our price indication for the region is unchanged this week at \$280-325 cfr.

On a positive note, demand from India is relatively stable and demand from the industrial consumers in the Far East is good although a lot of purchasing has already been concluded for September. Moreover, in Morocco OCP has an increased ammonia consumption reaching 95-100,000 t/m in August which is likely to continue into September. In Tunisia, GCT is understood to have had production problems at its AN plant in August so far but situation is heard to be improving and the next ammonia cargo is planned for early September delivery.

The short term outlook for ammonia prices remains bearish and some buyers are still heard to be targeting prices approximately \$20 below the current Yuzhnyy indications for forward cargoes, despite wider supply disruptions at the OPZ plant in Yuzhnyy, Solfert plant in Algeria and the Yara Pilbara plant in Australia.

SUPPLIERS

FSU

BLACK SEA: The **OPZ** plant in Odessa has taken down its entire production of ammonia and urea from Wednesday/Thursday night this week because the gas supply to the plant has been cut-off. Ammonia loading from other producers continues as normal in Yuzhnyy. It is not known how long the closure will last.

Black Sea prices are heard to have reached close to the \$200 fob mark based on the netbacks on known delivered prices to Morocco and Turkey. The latest delivered prices to Morocco are reportedly within the \$235-245 fob range and due to the very competitive short-term charter terms of the *Cambridge*, the netback is estimated to be close to \$200 fob Yuzhnyy.

Overall, our Yuzhnyy fob index is assessed at \$200-210 fob level this week and although there is no confirmation that the prices below \$200 fob level have been achieved, the downward pressure continues. Some buyers are reportedly targeting prices as low as \$180 fob Yuzhnyy for September cargoes.

The known ammonia vessel schedule for August so far is tabulated below.

Vessel	Trader/Buyer	'000 t	Destination	Load date
JULY		257.5		
AUGUST		268.7		
<i>Solaro</i>	Ameropa on b/h of Muntajat	23.5	Jordan (Aqaba)	3-4 August
<i>Marycam Swan</i>	Trammo	15	Turkey (Aliaga)	5-6 August

<i>Gas Manta</i>	Ameropa	23.4	Turkey (Bandirma)	8-9 August
<i>Gas Cobia</i>	Ameropa	23.4	Belgium (Antwerp)	Arrived 9 August, waiting to load 13-14 August
<i>Clipper Odin</i>	Ameropa	25	TBC	ETA 11 August
<i>Gas Snapper</i>	Ameropa	23.4	TBC	ETA 16 August
<i>Clipper Moon</i>	Ameropa	40	Taiwan & S. Korea (2 ports)	15-20 August
<i>Gas Manta</i>	Ameropa	23.4	TBC	2-half August
<i>Solaro</i>	Ameropa	24.8	TBC	2-half August
<i>Gas Grouper</i>	Ameropa	23.4	TBC	2-half August
<i>Cambridge</i>	OCP	23.4	Morocco (Jorf Lasfar)	20-25 August

BALTIC: There has been no new known spot business originating from the Baltic this week and ammonia prices are assessed on a nominal basis with \$10 differential compared to Yuzhnyy.

Acron will take one of its older ammonia lines at Novgorod into a 3-week maintenance turnaround during September. The unit has an estimated capacity of 567,000 t/y of ammonia. The producer expects that it will reduce the export flow into Sillamäe in September.

Known loadings out of the Baltic ports for August so far are tabulated here:

Vessel	Trader/ Buyer	'000 t	Destination	Load date
JULY		71.4		
AUGUST		90.8		
<i>Coral Ivory</i>	Yara	4	Sweden (Köping)	1-2 August (Ventspils)
<i>Wilhelm Schulte</i>	OCP	11	Morocco (Jorf Lasfar)	4-5 August (Sillamäe)
<i>Coral Ivory</i>	Yara	4	Sweden (Uusikaupunki)	5-6 August (Ventspils)
<i>Gas Grouper</i>	Ameropa	23.4	Belgium (Antwerp)	7-8 August (Sillamäe)
<i>Coral Ivory</i>	Yara	4	Sweden (Köping)	9-10 August (Sillamäe)
<i>Antarcticgas</i>	Yara	10	TBC	12 August (Sillamäe)
<i>Wilhelm Schulte</i>	OCP	11	Morocco (Jorf Lasfar)	20-25 August (Sillamäe)
<i>TBC</i>	Ameropa	23.4	TBC	End August (Sillamäe)

EUROPE

UNITED KINGDOM: Yara's vessel the *Pertusola*, which loaded ammonia from Hull on 6-7 August is heading for Finland to discharge a cargo at Uusikaupunki.

The known ammonia vessel schedule for August so far is tabulated below:

Vessel	Trader	'000 t	Destination	Load date
JULY		8		
AUGUST		11		
<i>Pertusola</i>	Yara	11	Finland (Uusikaupunki)	6-7 August (Hull)

MEDITERRANEAN

TURKEY: Trammo's vessel the *Sanko Independence* loaded ammonia from Gemlik on 7-9 August and is heading to Dakar, Senegal with delivery for phosphate fertilizer producer ICS.

NORTH AMERICA

CANADA: Ammonia exports in June were, at 108,642 t, down by 7,976 t or 6.8% m-o-m from the 116,618 t recorded in May. As usual, exported ammonia was entirely destined for the United States. This was up almost 16% from 100,746 t in the same month a year before. Total exports for January-June add up to 678,326 t, up by 97,058 t or 16.7% y-o-y from 581,268 t in the 1-half of 2015. (Source: GTIS/Statistics Canada)

UNITED STATES: **LSB Industries** announced on 5 August that the ammonia plant at its El Dorado, Arkansas facility has resumed production after having experienced an unplanned outage caused by severe weather that led to a loss of power on 14 July. The ammonia plant came back online on 31 July and achieved its nameplate operating capacity of 1,150 short t per day on 2 August.

CARIBBEAN

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

Vessel	'000 t	Destination	Load date
JULY	435.7		
AUGUST	304.8		
<i>Clipper Sky</i>	40	United States (Tampa)	1-2 August
<i>Yara Kara</i>	14	Cuba (Nuevitas)	2-3 August
<i>Kaprijke</i>	25	Unites States (Taft)	3-5 August
<i>Libramont</i>	25.4	South Africa (Richards Bay)	7-9 August
<i>Clipper Neptun</i>	40	TBC	8-10 August
<i>Sanko Innovator</i>	23	Morocco (Jorf Lasfar)	9-11 July
<i>Sombeke</i>	25.4	Belgium (Antwerp)	11 August
<i>Clipper Venus</i>	40	TBC	11 August
<i>Marola</i>	17	Brazil (Santos)	11 August
<i>Clipper Sky</i>	40	TBC	16 August
<i>Navigator Grace</i>	15	TBC	2-half August

AFRICA

ALGERIA: As reported previously, one ammonia line at the **Sorfert** plant in Arzew has been taken down for a full three-week turnaround starting on 29 July, following nearly three years of operations. The rest of the complex, including urea facility has been shut down on 9 August for a revamp. The producer expects that production will restart in early September if all goes well.

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

ALGERIA: 2016 AMMONIA EXPORT SHIPMENTS					
Vessel	Supplier	'000 t	Destination	Load Port	Load Date
JULY		79.9			
AUGUST		95.3			
<i>Queen Isabella</i>	Fertial	7	Spain (Sagunto)/Fertiberia	Arzew	1 August
<i>Navigator Gusto</i>	Sorfert	14.9	France (Montoir)/Yara	Arzew	2-3 August
<i>Andesgas</i>	Fertial	10	Spain (Aviles)/Fertiberia	Annaba	5-6 August
<i>Eupen</i>	Sorfert	23.5	India (EC India)/Trammo	Arzew	10-11 August
<i>Almajedah</i>	Sorfert	15	TBC/Yara	Arzew	14 August
<i>Navigator Gusto</i>	Sorfert	14.9	TBC/Yara	Arzew	2-half August
<i>TBC</i>	Sorfert	10	TBC	Arzew	2-half August

MIDDLE EAST

BAHRAIN: It is understood that Trammo bought around 15,000 t from **GPIC** for loading on the *Sylvie*. The vessel is expected to arrive at Sitra around 19 August following a part cargo which has been lifted from Malaysia today, 11 August.

SAUDI ARABIA: There has been no new ammonia trading information emerging from Saudi Arabia this week.

However, it is understood that the latest contract cargo discharged in Taiwan for TFC on the *Al Jabirah*, which arrived at Taichung today, 11 August has been priced at around \$330 cfr. Assuming \$70 freight component this would provide a netback of around \$260 fob.

The latest Middle East line-up is tabulated below.

Vessel	Supplier/Origin	'000 t	Destination	Price \$/t	Load date
JULY		190			
AUGUST		201.9-206.9			
<i>Al Barrah</i>	Sabir/S.A. (Al Jubail)	23	Far East	n/a	6 August
<i>Gas Cat</i>	Raintrade/Iran (BIK)	18.5	India	I-t contract	9 August
<i>Gas Quantum</i>	Mitsui/ex-S.A. (RAK)	23	Far East incl S. Korea	Spot formula	9-13 August
<i>Gas Line</i>	Raintrade/Iran (BIK)	23	India	I-t contract	Mid-August
<i>Almarona</i>	Muntajat/Qatar	15	India	I-t contract	Mid-August
<i>Rose Gas</i>	Sabir/S.A. (RAK)	15-20	India	n/a	18-20 August
<i>Sylvie</i>	Trammo/ex-Bahrain (Sitra)	15	TBC	n/a	19 August
<i>Al Jabirah</i>	Sabir/S.A. (Al Jubail)	23	Far East	n/a	25 August
<i>Gaschem Stade</i>	TBC/ex-Middle East	23.4?	TBC	n/a	After 20 August
<i>Gas Columbia</i>	Muntajat/Qatar	23	TBC	n/a	2-half August

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

ASIA/OCEANIA

AUSTRALIA: The Yara Pilbara plant went down around 10 days ago or so with unexpected technical issues and as of today, 11 August, remains down.

The *Viking River* left Dampier on 9 August heading for Caojing, China where she is expected to arrive around 18 August.

The recent known ammonia loadings are tabulated below.

AUSTRALIA: 2016 AMMONIA SHIPMENTS			
Vessel	'000 t	Destination/Supplier	Load Date/Port
JULY		40	
AUGUST		50	
<i>Nordic River</i>	25	Kwinana (domestic)/Yara	3-4 August (Dampier)
<i>Viking River</i>	25	China (Caojing)/Yara	8-9 August (Dampier)

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

INDONESIA: 2016 AMMONIA EXPORT SHIPMENTS			
Vessel	'000 t	Destination/Supplier	Load Date/Port
JULY		83.3	
AUGUST		70.3	
<i>Gaschem Dollart</i>	2.3	Vietnam (Vung Tau)/Mitsui	3 August (Lhokseumawe)
<i>Gaz Millennium</i>	15	S. Korea (Yosu)/Mitsui	6-7 August (Bontang)
<i>Gaz Serenity</i>	15	TBC/Mitsui	17 August (Bontang)
<i>Gaz Millenium</i>	15	TBC/Mitsui	2-half August (Bontang)
<i>Touraine</i>	23	S. Korea/Trammo	2-half August (Bontang)

MALAYSIA: The *Bunga Kemboja* is in Sipitang to load a top-up cargo of ammonia from the new **Petronas'** Samur plant for delivery to Thailand.

Trammo's vessel, the *Sylvie* arrived in Kerteh today and next week Yara's vessel, the *Nordic River* is scheduled to load in Kerteh around 17 August.

Yara bought 15,000 t spot cargo from Petronas' in the light of the recent downturn at its Pilbara ammonia plant in Australia. The cargo has been priced on a fob formula basis.

The latest ammonia loading schedule for Malaysian ports is below.

MALAYSIA: 2016 AMMONIA EXPORT SHIPMENTS			
Vessel	'000 t	Destination/Supplier	Load Date/Port
JULY	45.3		
AUGUST	56.5		
<i>Bunga Kemboja</i>	16.5	Thailand (Rayong & Map Ta Phut)/Petronas	1-2 August (Kerteh -11) 10-11 August (Sipitang – 5.5)
<i>Sylvie</i>	8.5	TBC/Trammo after topping up 15k from Bahrain	11 August (Kerteh)
<i>Nordic River</i>	15	TBC/Yara	17 August (Kerteh)
<i>Bunga Kemboja</i>	16.5	Thailand/Mitsubishi	2-half August

MARKETS

AFRICA

MOROCCO: OCP has been active in spot cargoes purchasing this month to feed its phosphate operations which the producer reports to presently consume around 95-100,000 t/m ammonia. The current delivered prices into Morocco are reported to be in the range of \$235-245 cfr.

It appears that Trammo's vessel, the *Sanko Innovator*, which finished loading from Trinidad today, 11 August, is heading for Jorf Lasfar with an eta 19 August.

The latest line-up for ammonia deliveries into Morocco:

MOROCCO: KNOWN 2016 AMMONIA IMPORTS			
Vessel	'000 t	Supplier/Origin	Discharge
JULY	130.8		
AUGUST	115.7		
<i>Cambridge</i>	23.4	ex-CF Donaldsonville (US)	12 August
<i>Wilhelm Schulte</i>	11	ex-Acron (Baltic)	14 August
<i>Gas Grouper</i>	23.4	Ameropa/ex-Baltic	2-half August
<i>Sanko Innovator</i>	23.5	Trammo/ex-Trinidad	19 August
<i>Cambridge</i>	23.4	ex-Rossosh (Yuzhnyy)	2-half August
<i>Wilhelm Schulte</i>	11	ex-Acron (Baltic)	End August

TUNISIA: GCT is understood to have experienced production problems at its AN plant in early August but the situation is heard to be improving and the next delivery from Ameropa is likely to be scheduled for early September.

The latest known ammonia deliveries into Gabes are as follows:

TUNISIA: KNOWN 2016 AMMONIA IMPORTS			
Vessel	'000 t	Supplier/Origin	Discharge
AUGUST	23.4		
<i>Gas Cobia</i>	23.4	Ameropa/Yuzhnyy	31 July – 2 August
SEPTEMBER	23.4		
<i>TBC</i>	23.4	Ameropa/Yuzhnyy	Early September

EUROPE

BELGIUM: It is heard that there will be mid-size ammonia cargo delivered into Antwerp early in September, possibly supplied by a trader but delivery details are scarce.

Ameropa will deliver one ammonia cargo into Antwerp in 2-half of September.

The latest known ammonia deliveries into Antwerp are as follows:

BELGIUM: KNOWN 2016 AMMONIA IMPORTS			
Vessel	'000 t	Supplier/Origin	Discharge
JULY	56.8		
AUGUST	72.2		
<i>Gas Grouper</i>	23.4	Ameropa/Yuzhnyy	1-3 August
<i>Gas Grouper</i>	23.4	Ameropa/ex-Baltic	13 August
<i>Sombeke</i>	25.4	PCS/Trinidad	End August
SEPTEMBER	46.9		
<i>TBC</i>	23.5?	TBC	Early September
<i>TBC</i>	23.4	Ameropa/Yuzhnyy	2-half September

ASIA/OCEANIA

INDIA: West Coast – Sabic's vessel, the *Rose Gas* will deliver around 15,000 t ammonia to **GSFC** at Sikka in the 2-half of August.

The *Gas Line* has delivered 6,000 t ammonia to **Deepak Fertilisers** at the JNPT terminal in Mumbai today, 11 August. The cargo is understood to have been priced under formula. The vessel has also delivered 4,000 t to **Hindalco** at Dahej on 5 August.

West and East Coast – Earlier we reported that Trammo's vessel the *Eupen* will deliver 18,000 t of ammonia to **Iffco** at Paradeep in the 1-half of August. It is now understood that this vessel will deliver around 15,000 t to Iffco and balance of 8,000 t to **Deepak Fertilisers** at the JNPT terminal in Mumbai. Local sources believe that Deepak Fertilisers' volume has priced at around \$330 cfr level but this could not be fully confirmed at the time of writing.

East Coast – Last week we reported that **CIL** bought 23,000 t of ammonia from Ameropa for mid-September delivery at \$303 cfr with 90 days' credit. It is now understood the cargo will be delivered on the *Gas Snapper*.

There have been rumours of a potential new spot deal concluded by an east coast India buyer at around low \$270 cfr level but the seller could not be identified and the deal could not be confirmed at the time of writing.

The list of known August and September deliveries into Indian ports so far is below:

Buyer/Location	Supplier	'000 t	\$/t cfr unless stated	Discharge	Vessel
JULY		248.6			
AUGUST		172.9			
West Coast		45.5			
GSFC/Sikka	Sabic/S. Arabia	15	n/a	2-half August	<i>Rose Gas</i>
Hindalco/Dahej	CIFC-Raintrade/ex-Iran	4	I-t contract	5-6 August	<i>Gas Line</i>
Deepak Fertilisers/ JNPT-Mumbai	Ameropa/ex-Black Sea	8	n/a	2-3 August	<i>Clipper Odin</i>
Deepak Fertilisers/ JNPT-Mumbai	CIFC-Raintrade/ex-Iran	6	I-t contract	11 August	<i>Gas Line</i>
Deepak Fertilisers/ JNPT-Mumbai	Trammo/ex-Algeria	8	\$330?	1-half August	<i>Eupen</i>
MCFL/New Mangalore	Muntajat/ex-S. Arabia	4.5	I-t contract	6 August	<i>Almarona</i>
East Coast		127.4			
Greenstar/Tuticorin	Muntajat/Qatar	5.2	I-t contract	1 August	<i>Gas Columbia</i>
CIL/Vizag	Trammo/ex-Malaysia (10) and Indonesia (13)	12	Mid-high \$360s	1-2 August	<i>SCF Tomsk</i>
CIL/Vizag	Muntajat/ex-S. Arabia	3	I-t contract	11 August	<i>Almarona</i>
CIL/TBC	CIFC-Raintrade/ex-Iran	18	I-t contract	22 August	<i>Gas Cat</i>
CIL/TBC	CIFC-Raintrade/ex-Iran	15	I-t contract	End August	<i>Gas Line</i>
Iffco/Paradeep	Ameropa/ex-Black Sea	40	n/a	20 August	<i>Clipper Mars</i>
Iffco/Paradeep	Trammo/ex-Algeria	15	n/a	1-half August	<i>Eupen</i>
PPL/Paradeep	Dreymoor/ex-Black Sea	12	Mid-\$340s w120d	6 August	<i>Gaschem Stade</i>
TCL/Haldia	Muntajat/ex-S. Arabia	7.2	I-t contract	12 August	<i>Almarona</i>
SEPTEMBER		61			
East Coast		61			
CIL/2-ports	Ameropa/ex-Black Sea	23	\$303 w90d	Mid-September	<i>Gas Snapper</i>
Iffco/Paradeep	Yara/ex-TBC	15	\$280	Mid-September	<i>TBC</i>
PPL/Paradeep	CIFC/ex-Iran	23	\$325	2-week September	<i>TBC</i>

SOUTH KOREA: This week LFC reports that its latest contract prices to be within the \$316-335 cfr range. This lower price level has been attributed to the last weeks' overall lower price range in the Far East due to the spot deal between **Namhae** and Yara at \$306.50 cfr.

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

Buyer/Location	Supplier	'000 t	Discharge	Vessel
JULY		112		
AUGUST		89+		
Namhae/Yosu	Mitsubishi/ex-USA	15	16 August	<i>Touraine</i>
Namhae/Yosu	Mitsui/ex-Indonesia	10	13-14 August	<i>Gaz Millennium</i>
LFC*/Ulsan	Koch/ex-Trinidad	16	10 August	<i>Clipper Orion</i>
LFC*/Ulsan	Mitsui/ex-Indonesia	5	4 August	<i>Gaz Serenity</i>
LFC*/Ulsan	Trammo/ ex-USA	10	12 August	<i>Touraine</i>

LFC*/Ulsan	Sabic/S. Arabia	23	2-half August	<i>Al Barrah</i>
LFC*/Ulsan	Trammo/ex-Indonesia	10	End August	<i>Touraine</i>
LFC*/Ulsan	Koch/ex-Trinidad	?	8-9 August	<i>Clipper Orion</i>
SEPTEMBER		72-73		
Namhae/Yosu	Mitsubishi/ex-Black Sea	10	September	<i>Clipper Moon</i>
Namhae/Yosu	Yara/ex-TBC	15	2-half September	<i>TBC</i>
LFC*/Ulsan	Mitsubishi/ TBC	15	Early September	<i>TBC</i>
LFC*/Ulsan	Mitsubishi/ex-Black Sea	5	September	<i>Clipper Moon</i>
LFC*/Ulsan	Koch/ TBC	4-5	Mid-September	<i>TBC</i>
LFC*/Ulsan	Trammo/TBC	23	End September	<i>TBC</i>
* Lotte Fine Chemical				

TAIWAN: Sabic's vessel, the *Al Jabirah* arrived at Taichung today, 11 August and is waiting to discharge 15,000 t for **TFC**, most likely around 15 August. It is heard that the cargo has been priced under contract at around \$330 cfr.

Mitsui is expected to deliver ammonia cargo on the *Gas Quantum* to **CPDC** at the end of August.

NORTH AMERICA

UNITED STATES: In the **domestic market** for direct application ammonia, demand has been light for ammonia going to dealer storage in central and south Ohio. Wholesalers report that corn and soybeans look to be in an excellent condition. A few loads of ammonia went to dealer storage in south-central Oklahoma and north-central and central Texas ahead of wheat preplant.

LATIN AMERICA

BRAZIL: According to customs data, total ammonia imports for January-July 2016 add up to 210,328 t, up by 23,022 t or 12.3% y-o-y from the 187,306 t which arrived during the first seven months of 2015. All deliveries in 2016 so far have been sourced from Trinidad. Monthly imports in July were, at 49,290 t, the highest monthly import figure this year so far and 20,461 t or 70% higher y-o-y compared to the 28,829 t delivered in July 2015. (Source: GTIS/Secex)

The next ammonia cargo delivered into Santos will be Yara's 17,000 t ex-Trinidad scheduled for arrival on 21-23 August on the *Marola*.

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

Vessel name	Supplier	'000 t	Origin	Discharge date/ Estimated arrival
JULY		46.4		
AUGUST		17		
<i>Marola</i>	Yara	17	Trinidad	21-23 August

COMPANY NEWS

NORWAY / INDIA: In an announcement made on 10 August, **Yara International ASA** confirmed that it has entered into an agreement to acquire the **Tata Chemicals Ltd (TCL)** Babrala urea plant and distribution business in Uttar Pradesh for \$400 million on a debt and cash free basis, including normalized net working capital.

The plant has an annual production of 0.7 million t ammonia and 1.2 million t urea, and generated revenues and EBITDA of respectively \$350 million and \$35 million in the financial year ended 31 March 2016. The plant was commissioned in 1994, and is the most energy efficient plant in India, with energy efficiency on a par with Yara's best plants.

Yara has operated in India since the 1990s, focusing in recent years on premium product sales in the west and south of the country, delivering strong volume growth and margins well above Yara's average for the region.

"This acquisition represents another significant step in our growth strategy, creating an integrated position in the world's second-largest fertilizer market. India has strong population growth and increasing living standards, and significant potential to improve agricultural productivity," said Svein Tore Holsether, President and Chief Executive Officer of Yara. "We are impressed with the world-class operations we have seen in Babrala. The workforce is committed to high HESQ standards, and has a solid safety track record. This well operated plant and its highly skilled employees will make an excellent addition to Yara's global production system," said Holsether.

"Our growth in India can be further accelerated with this acquisition, creating a larger market footprint for Yara and enabling increased premium product sales in particular. We will place great emphasis on successful integration of the operations, and will put in place an integration team consisting of highly experienced TCL and Yara employees, the latter from both our existing India operations and our regional management," said Terje Knutsen, SVP and Head of Yara Crop Nutrition.

The agreement will be subject to regulatory approvals and sanctioning by the relevant courts in India, a process which is expected to take 9-12 months after which closing of the transaction can take place.

SWITZERLAND / RUSSIA: EuroChem Group AG on 10 August reported consolidated sales for Q2 2016 of \$1.01 billion, as compared to \$1.14 billion in Q2 2015 as the significantly lower product pricing environment overshadowed higher sales volumes. Relatively strong Q1 2016 results helped keep 1-half 2016 sales within 4% of last year's results though. The company realised \$2.27 billion in sales during the first six months of 2016, as compared to \$2.37 billion in 1-half 2015.

Q2 2016 EBITDA declined 37% y-o-y to \$202 million as lower fertilizer and iron ore prices muted the effects of favourable currency dynamics. 1-half 2016 EBITDA amounted to \$586 million, which represented a 25% decline on 1-half 2015 EBITDA of \$779 million. The EBITDA margin for the first six months of 2016 was 26%. A Q2 contribution of \$115 million lifted 1-half net profit to \$436 million (1-half 2015: \$518 million).

Excluding raw material mining products and hydrocarbons, 1-half 2016 nitrogen and phosphates sales volumes increased 4% to 5.6 million t, as compared to the same period last year.

While good domestic demand buffered Chinese export supply, nitrogen prices nevertheless trended down globally on new supply additions and softer demand, EuroChem stressed in the earnings statement. Prilled urea (fob Yuzhnyy) averaged \$198/t in Q2 2016, 28% lower y-o-y as additional supply coupled with lower feedstock (energy) prices incentivised more aggressive competition. At \$153/t, average AN (fob Black Sea) prices were 28% below their Q2 2015 average of \$214/t and 17% behind their Q1 2016 average.

Q2 2016 nitrogen sales volumes amounted to 1.5 million t. While a shift from prilled to granular urea resulted in a net 2% increase in urea sales volumes, lower demand for AN, CAN and UAN products pushed Q2 sales volumes 9% below the previous year's level. For the January to June period, the weaker Q2 dynamics remained fully offset by the 18% y-o-y growth realised in Q1 2016. The company's total nitrogen sales volumes for the first six months of 2016 stood at 3.5 million t, representing an increase of 150,000 t, or 4%, over the first six months of 2015.

Substantially lower average market prices for fertilizer products and a decline in volumes led to Q2 2016 nitrogen sales of \$341 million, as compared to sales of \$481 million in the corresponding period last year. Mirroring the trend, Q2 nitrogen EBITDA declined to \$109 million. Nitrogen sales and EBITDA for the first six months of 2016 amounted to \$797 million and \$291 million, respectively.

While Russian gas prices were subject to an 8% increase in July 2015, a weaker Russian currency muted the tariff increase and kept 1-half 2016 natural gas prices lower y-o-y in US dollar terms. For the first six months of 2016, average natural gas prices at the EuroChem's two nitrogen fertilizer facilities in Russia were at around \$2.0/mmBtu delivered to plant (1-half 2015: approximately \$2.3/mmBtu).

In an outlook, "We expect to see nitrogen prices remaining at current levels as net capacity additions mitigate feedstock curtailment and turnarounds. While prices could see some support from restocking demand in the last quarter of the year, we expect the market to require several quarters to digest this year's substantial supply increase", the company statement reads.

UNITED STATES: On 8 August, LSB Industries Inc announced results from continuing operations of the chemical business for Q2-2016 ended 30 June 2016. EBITDA from continuing operations was \$9.6 million. Adjusted EBITDA from continuing operations was \$11.1 million, including El Dorado ammonia start-up costs of \$3.8 million.

Net sales from continuing operations were \$110 million. Net sales of agricultural products decreased, driven by a 28-30% decline in selling prices of key products. Offsetting some of the reduction in selling prices were increases in sales volumes for UAN and HDAN, which were higher by 36% and 43%, respectively. The UAN sales volumes were higher due to improved on-stream rates at the Pryor Facility.

The following tables provide comparative y-o-y sales volumes (quoted in short t) for LSB Industries' agricultural products during Q2.

SALES VOLUME BY PRODUCT ('000 short t)			
Product	Q2-2016	Q2-2015	% Change y-o-y
UAN (Urea Ammonium Nitrate)	120,481	88,440	36%
HDAN (High Density Ammonium Nitrate)	87,688	61,119	43%
Ammonia	18,657	22,761	(18) %
Other	11,237	9,240	22%
TOTAL	238,063	181,560	31%

Operating loss from continuing operations is reported at \$8.9 million. Adjusted operating loss from continuing operations was \$3.5 million, including El Dorado ammonia start-up costs of \$3.8 million. Net loss from continuing operations applicable to common shareholders has been reported at \$17.7 million, or \$0.70 loss per diluted share. Adjusted net loss from continuing operations applicable to common shareholders was \$18.3 million, or \$0.73 loss per diluted share, including El Dorado ammonia start-up costs of \$2.3 million, net of tax.

Operating income and EBITDA declined primarily as a result of lower selling prices and higher operating costs partially offset by lower overall natural gas and ammonia feedstock costs and higher on-stream rates at our Pryor Facility. Operating costs were higher during Q2 2016 primarily due to start-up and commissioning activities at the El Dorado Facility, which includes 340,000 t/y (reported at 375,000 short t/y) ammonia plant. During the reported period, the company has entered into sale agreement of the Climate Control Business, which closed on 1 July 2016.

"We achieved two major milestones during the second quarter that make us very optimistic about our Company's future," stated Daniel Greenwell, LSB's President and CEO. "First, we completed and brought online the new 375,000 [short] t/y ammonia plant at our El Dorado Facility. With the addition of ammonia production, El Dorado's financial performance should improve in the 2-half 2016 as a result of significantly lower feedstock costs, along with a greater overall volume of ammonia to upgrade to other products and to sell as part of our previously announced ammonia offtake agreement. Secondly, we closed the sale of our Climate Control Business to NIBE Industrier AB for \$364 million which will allow us to deleverage, reduce our overall cost of capital and focus on improving the financial and operational performance of our Chemical Business."

"Turning to our Q2-2016 financial performance, results for our chemical operations declined relative to the prior year quarter due largely to lower selling prices for our agricultural products and El Dorado ammonia plant start-up costs. While the spring nitrogen fertilizer application was strong resulting in robust demand for our fertilizer products, pricing in Q2 was relatively low compared to the last several years due to lower commodity prices for grains and anticipated capacity expansions for nitrogen fertilizer facilities throughout the US". "In addition to our accomplishments at El Dorado, we were very pleased with the performance of our other facilities during Q2. Our Pryor Facility has made significant improvements as we achieved an ammonia on-stream rate of 96% for the three-month period compared to 92% in Q1-2016 and 86% in Q2-2015. Our Cherokee Facility continues to run very well with an ammonia on-stream rate of 100% for the period compared to 96% in Q1-2016 and 94% in Q2-2015. We expect continued consistent production for the balance of 2016 post our turnarounds at Pryor and Cherokee, as we continue our focus on the further implementation of enhanced reliability programs at all of our facilities."

NATURAL GAS/COAL

QUICK GLANCE (change from last week)

Henry Hub (day ahead): \$2.73 (down)

TTF: €12.75 (down)

Brent: \$44.05 (up)

WEST EUROPE: The NBP day-ahead price closed at 33.00 p/therm on 10 August down from 33.45 p/therm on 3 August. A price of 33.00 p/therm equates to \$4.29/mmBtu at the £/\$ exchange rate of 1:1.29971 from 10 August. Reports of the past week suggest that the UK gas system is currently oversupplied and with an expected surge in wind power output gas prices might remain under pressure for a while.

The September 2016 contract on ICE natural gas futures for the NBP closed at 33.26 p/therm on 10 August down from 34.78 p/therm on 3 August. The average 6-month forward strip (Sep 2016-Feb 2017) is 40.71 p/therm, which equates to \$5.29/mmBtu at the £/\$ exchange rate of 1:1.29971 from 10 August.

The Dutch TTF day-ahead price closed at €12.75/MWh on 10 August down from €13.31/MWh on 3 August, according to Tankard. The Tankard indices are trade-backed volume-weighted average price indices, calculated from trades arranged by ICAP, Marex Spectron and Tullett Prebon.

A price of €12.75/MWh equates to \$4.14/mmBtu at the exchange rate of €/£ 1:1.10904 on 10 August. In August so far, the TTF day-ahead average is estimated at \$4.29/mmBtu, which compares with \$4.63/mmBtu in July and with \$4.76/mmBtu in June. The May average was \$4.33/mmBtu, up from the April average of \$4.01/mmBtu, and up from March at \$3.99/mmBtu.

The average six-month ICE futures price for TTF for Sep 2016-Feb 2017 is €15.10/MWh on 10 August, and equating to \$4.91/mmBtu using the €/£ exchange rate of 1:1.10904 from 10 August.

Crude—The Brent crude oil contract for October 2016 settled at \$44.05/bbl on 10 August up from \$43.10/bbl on 3 August. The rise came mainly on the back of an OPEC forecast for rising demand in the next couple of months. The average price for the 3-month strip (Oct-Dec 2016) is \$44.48/bbl against \$43.54/bbl a week before, while the 12-month average (Oct 2016-Oct 2017) is \$46.56/bbl compared with \$45.66/bbl.

In its August Short-term Energy Outlook (STEO), the EIA is forecasting Brent crude oil prices to average \$42/bbl in 2016 (down \$2 from the July report) and \$52/bbl in 2017 (flat from the prior STEO), with annual average West Texas Intermediate (WTI) prices in 2016 expected to average slightly less than Brent prices while they are projected to be roughly the same as Brent in 2017. In its comments, EIA said the current values of futures and options contracts suggest a high degree of uncertainty in the oil price outlook. “WTI futures contracts for November 2016 delivery that were traded during the five-day period ending August 4 averaged \$42/b, and implied volatility averaged 42%. These levels established the lower and upper limits of the 95% confidence interval for the market’s expectations of monthly average WTI prices in November 2016 at \$29/b and \$61/b, respectively. The 95% confidence interval for market expectations widens over time, with lower and upper limits of \$22/b and \$104/b for prices in December 2017”, the report reads.

TANZANIA: In late August, the Tanzanian government is looking to undertake an environmental impact assessment for an LNG project, which has been valued at \$30 billion, local media reported. BC Group has partnered with Tanzania Petroleum Development Corporation (TPDC) to build this plant in Likong’o in the Lindi region, the report further reads. Details about the proposed production capacity have not been released so far.

The environmental impact assessment will be undertaken during the same time as the Development Report Induction Plan study over a period of approximately three months. The outcome of both studies will determine whether it is, in fact, viable to develop the project at the identified site.

CHINA: Thermal coal prices at Qinhuangdao for the 5,500 kcal grade increased for the third straight week to Rmb445-455/t (around \$67.60/t). This compares with Rmb430-440/t (around \$65.50/t) last week. The average price in August so far is estimated at nearly Rmb443/t (\$66.55/t), the highest monthly average since April 2015. It compares with a July 2016 average of Rmb421/t (\$63.02/t) and the year-ago average of Rmb410/t (\$64.62/t) in August 2015.

JAPAN: The average price for LNG spot cargoes arriving in Japan in July rose by \$1.50 m-o-m to \$6.00/mmBtu, Trade Ministry data show. This is the highest since March 2016. The January-July average arrival price for spot cargoes is estimated at \$6.03/mmBtu, against roughly \$9.54/mmBtu in the same seven months a year before.

INDIA: Prices paid to local natural gas producers such as state-owned Oil and Natural Gas Corp and private Reliance Industries are set to fall 20% to \$2.45/mmBtu from 1 October 2016 from \$3.06/mmBtu at present as per the government’s revised gas pricing formula. The new rate is based on gross calorific value and represents the fourth reduction in the past 18 months.

The domestic gas price for producers was last reduced on 1 April 2016 to \$3.06/mmBtu from \$3.82/mmBtu before.

The reductions in the price of domestic natural gas in the 1-half of the current fiscal year (Apr/Mar) could lead to a saving in the government’s subsidy spending on urea by up to INR90 billion (approximately \$1.35 billion) in fiscal 2016/17.

According to estimates, the cut on domestically produced gas for the April-September 2016 period and the renegotiated price of imported LNG from Qatar’s RasGas Co Ltd has reduced the price of pooled gas available to fertilizer factories by nearly a third to \$6.2/mmBtu from a year ago. In 2015/16, the pooled price of gas for fertilizer companies was about \$9.0/mmBtu.

A further reduction expected in gas price for the 2- half of the fiscal year could enhance the savings on subsidy for the domestically produced urea estimated for 2016/17 at INR380 billion (\$5.68 billion). Natural gas prices have a direct impact on the subsidy spending as fuel cost accounts for a large part of the urea production cost.

AUSTRALIA: The Newcastle market for Q4 2016 is \$65.30/t down from \$67.05/t last week; Q1 2017 is \$65.40/t down from \$67.40/t; 2017 is \$62.40/t down from \$65.05/t; 2018 is \$61.60/t against \$64.75/t last week; and 2019 is \$61.10/t.

UNITED STATES: The Henry Hub day-ahead price closed at \$2.73/mmBtu on 10 August down from a revised price of \$2.89/mmBtu on 3 August.

In August so far, the Henry Hub has averaged \$2.86/mmBtu against a July average of \$2.82/mmBtu and June at \$2.59/mmBtu, May at \$1.92/mmBtu, and against April at \$1.91/mmBtu. This compares with a March average of \$1.72/mmBtu, which was down from February at \$1.98/mmBtu and \$2.28/mmBtu in January.

On NYMEX natural gas futures, the September 2016 contract settled at \$2.561/mmBtu on 10 August down from the \$2.839/mmBtu on 3 August. The average for the next three months – Sep-Nov 2016 – is \$2.659/mmBtu compared with \$2.918/mmBtu last week, while the average for the next 12 calendar months (Sep 2016-Sep 2017) is \$2.950/mmBtu against \$3.125/mmBtu.

The EIA Weekly Natural Gas Storage Report for the week ending 29 July showed a net withdrawal of working gas stocks from underground storage of 6 bcf. This is the first summertime weekly net withdrawal since 2006. The net withdrawal compares with a median expectation of market analysts of a net injection of 3 bcf. It further compares with the year-ago injection of 41 bcf and the five-year-average injection of also 54 bcf. Natural gas stocks on 29 July were 3,288 bcf, which is 378 bcf (13%) *above* a year ago and 464 bcf (16%) *above* the five-year average.

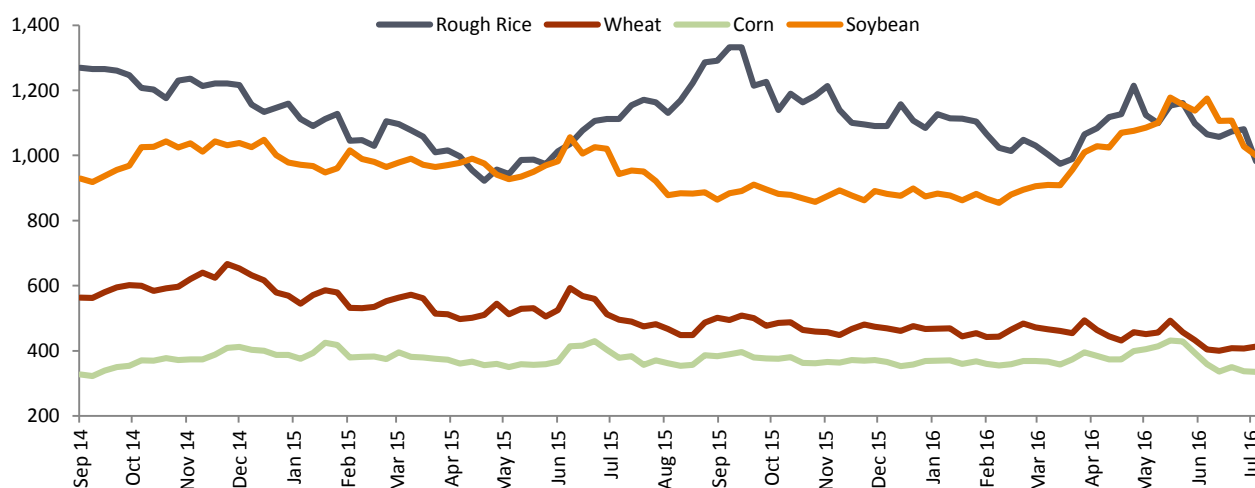
In its August Short-term Energy Outlook (STEO), EIA expects the Henry Hub natural gas spot price to average \$2.41/mmBtu in 2016 (up from \$2.36/mmBtu in the July report) and \$2.95/mmBtu in 2017 (flat from the prior report), having averaged \$2.63/mmBtu in 2015.

Regarding the WTI, the CME September 2016 contract closed at \$41.71/bbl on 10 August up from \$40.83/bbl on 3 August. The forward 3-month strip (Sep-Nov 2016) is \$42.47/bbl against \$41.59/bbl a week before, while the 12-month forward average (Sep 2016-Sep 2017) is \$45.24/bbl compared with \$44.34/bbl.

US coal – The CAPP September 2016 contract closed at \$39.50/ston on 10 August flat w-o-w. The 3-month forward strip (Sep-Nov 2016) is stable on the week at \$39.67/ston, while the Sep-Dec 2016 forward average is also flat at \$39.69/ston.

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	322.4	-2.6	333.0	343.2	357.2	-10%
Wheat	411.6	-0.6	437.6	454.2	475.2	-13%
Soybean	1,017.0	+26.6	998.4	982.0	951.0	+7%
Rough Rice	952.0	-2.5	973.0	994.5	1,171.0	-19%

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 were weaker week-on-week in spite of a drop in USDA crop condition ratings, which whilst lower than in the previous report were still up year-on-year.	Wheat prices have been relatively volatile this week although closed less than a cent down week-on-week, as crop losses in France balanced high production levels in Russia.
SOYBEAN:	RICE:
Prices have been supported by strong demand over the last week, most notably from China which has substantially increased its purchasing activity in recent weeks.	Rice futures continue to stumble with yet another decrease in September futures as traders continue to lose faith in the Asian oversupply situation being resolved in the next 12 months.

REGIONAL MARKETS

FRANCE: France's farm ministry has cut its average yield estimate for the soft wheat harvest this year to just 5.57 t/ha, some 30% below the year ago level of 7.07 t/ha and the lowest since 1986. The revision comes after months of adverse weather in the country that has seen the government promise to support growers in areas where the damage has been at its worst.

The ministry revised down its estimate for total output to 29.1 million t, down from 36.95 million t a month ago and the record 40.9 million t it produced last year. If realised, it will be the smallest wheat crop in France since 2003.

The Ile-de-France region around Paris was expected to see yields fall 40% below the average of the previous five years. The Hauts-de-France region in the far north would see a 38% drop and Centre-Val-de-Loire a 31% decline, the ministry estimated.

UNITED STATES: US corn conditions ratings declined more than expected according to this week's USDA Crop Progress report, while soybean ratings were non-moving.

According to this week's USDA Crop Progress report, US corn saw 74% of its crop rated good/excellent compared to 76% the prior week with the USDA also revealing that 7% of the crop is now rated poor/very poor, up from 6% the prior week. "The corn crop decline may come as a surprise since it was beyond expectations, and maybe particularly noted by traders given that they've been expecting the crop to fall ratings-wise only to have it either hold steady or even increase in recent weeks" indicated Issue Monitor, part of Informa Agribusiness.

US corn dropped to its 7th highest in the rankings since 1989, although conditions remain well above the 1989-2015 average and ahead of last year at this time, added MDA Weather Services.

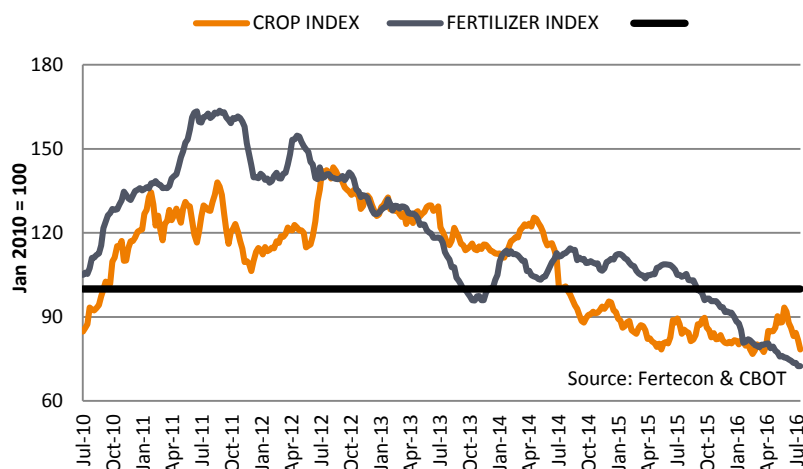
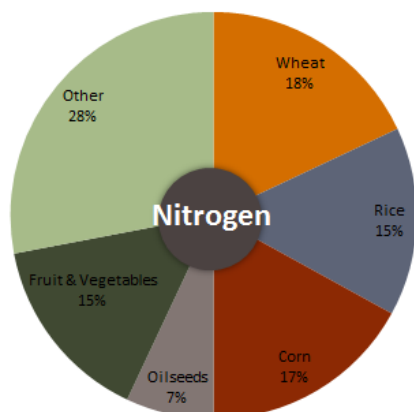
Meanwhile, US soybean conditions ratings held steady at 72%, with now 17% excellent and 55% good compared to 15% excellent and 56% good the prior week.

In wheat, the spring harvest moved even quicker than traders expected, reaching 30% as of 7 August, well beyond the year-ago level of 22% and the 18% five-year average. The winter wheat harvest continues to edge to the finish line, with 94% harvested against 96% in 2015 and a 91% five-year average, outlined Issue Monitor.

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.

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

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