

Ammonia Report

Weekly review of the ammonia market

28 July 2016

- Yara and Mosaic settle the contract price for August deliveries into Tampa at \$270 cfr, \$15 down from July
- Namhae and Mitsubishi conclude a spot deal for 10,000 t delivery in 1-half of September at \$325 cfr Yosu
- One ammonia line to go down for a 3-week turnaround at Sorfert Algeria starting tomorrow
- LSB Industries' El Dorado ammonia plant down for repairs following weather related power outage
- The new OCI fertilizer complex at Weaver, Iowa is 97% complete and in pre-commissioning phase

OUTLOOK

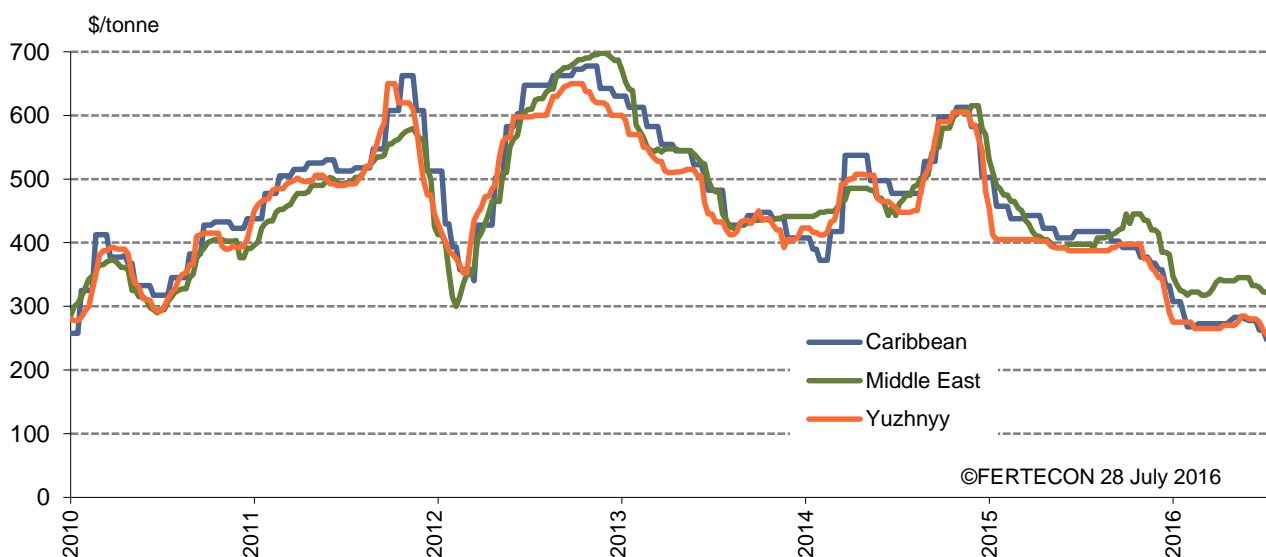
Bearish.

KEY PRICES

| | 28 July | 21 July | 14 July |
|------------------------|-----------|----------|----------|
| Yuzhnyy fob \$/t | 230-240* | 250-260* | 250-260* |
| Middle East fob \$/t | 295-315* | 295-320* | 305-325* |
| Tampa/US Gulf cfr \$/t | 270-290** | 285-290 | 285-290 |

* 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\$

| | 28 July | 21 July | 14 July |
|---|-----------|----------|----------|
| Fob prices | | | |
| Caribbean | 230-250 | 245-250 | 245-250 |
| Middle East | 295-315* | 295-320* | 305-325* |
| <i>Of which:</i> | | | |
| - Netbacks on contract/formula-priced sales | 300-315* | 305-320* | 305-325* |
| - Spot fob | 295* | 295* | n.m. |
| Yuzhnyy/FSU fob | 230-240* | 250-260* | 250-260* |
| Baltic/FSU | 250-260* | 260-270* | 260-270* |
| Southeast Asia | 300-310 | 305-320 | 305-320 |
| Delivered prices | | | |
| NW Europe (duty paid/duty free) * | 316-332 | 327-343 | 327-343 |
| NW Europe (duty unpaid) * | 300-315 | 310-325 | 310-325 |
| Far East | 325-360 | 345-365 | 345-365 |
| India | 325-355 | 325-367 | 338-367 |
| US Gulf/Tampa | 270-290** | 285-290 | 285-290 |
| - Tampa | 270-285** | 285 | 285 |
| - US Gulf (MS, LA, TX) | 275-290** | 290 | 290 |
| <p align="center">FERTECON PRICE DEFINITION</p> <p>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</p> <p>The full history of Fertecon's ammonia prices is available to view and download by clicking here.</p> | | | |

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 | 42-45 |
| Black Sea – US (1-1 Tampa) | 40,000 | 60-65 |
| Black Sea – US (2-3 USG) | 40,000 | 70-75 |
| 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 international ammonia prices continued to be under pressure with one of the main developments taking place in the United States, where Yara and Mosaic settled the next contract price for August deliveries into Tampa at \$270 cfr, a \$15 drop from the July level of \$285 cfr. The main reasons quoted which supported the lower settlement were oversupply in the US market and talks of cheaper spot tonnes open for purchase and delivery into Tampa from other sources.

Another significant downward adjustment comes from the **Far East** where Namhae of South Korea purchased 10,000 t ammonia from Mitsubishi at \$325 cfr for September delivery into Yosuu. This new price is \$20 down on the previously known lowest price point. These price cuts reflect the continuous bearish sentiment of the market both in the east and in the west. Demand from the Far East is reportedly stable but buyers are pushing for competitive pricing in order to commit to forward purchasing.

Demand in **India** is still reported to be good with the latest prices assessed to be in the \$325-355 cfr range.

On the supply side, it is believed that production issues at the Qafco 6 plant in Qatar continue and in Algeria one ammonia line is going down tomorrow, 29 July, for a 3-week turnaround at the Sorfert plant in Arzew.

Downstream fertilizer prices are not rendering much support to ammonia and although phosphate fertilizer prices have somewhat stabilised lately, urea is still seriously oversupplied and prices continue to fall.

The short term outlook for ammonia prices remains bearish.

SUPPLIERS

FSU

BLACK SEA: There has been no new confirmed business concluded in Yuzhnyy this week but the latest netbacks on ammonia priced on a delivered basis suggest the values below \$250 fob equivalent have already been achieved. In light of this our Yuzhnyy fob index is adjusted on an indicative basis to \$230-240 fob although it is worth noting that presently discussions over forward cargoes are already below this level.

Buyers' mood continues to be extremely bearish and it is understood that negotiations over a fresh sale of Black Sea ammonia into India are presently ongoing with prices around \$230 fob equivalent quoted and reportedly likely to be concluded.

OCP is also heard to be looking for lower priced product for August with levels of \$240-245 cfr Morocco mentioned which would suggest \$200 fob Yuzhnyy equivalent. However, no deals at such low level have been confirmed as concluded just yet.

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

| Vessel | Trader | '000 t | Destination | Load date |
|---------------------------|-------------------------------|--------------|--|------------------|
| JUNE | | 242.6 | | |
| JULY | | 257.5 | | |
| <i>Cambridge</i> | OCP | 23 | Morocco (Jorf Lasfar) | 30 June - 1 July |
| <i>Gas Snapper</i> | Ameropa on b/h of Muntajat | 23.3 | EC India (Paradeep) | 4-5 July |
| <i>Gaschem Stade</i> | Dreymoor | 23 | EC India (Paradeep & Vizag) | 6-8 July |
| <i>Clipper Odin</i> | Ameropa | 25 | WC India (Kandla) | 9-11 July |
| <i>Gas Grouper</i> | Ameropa | 23.4 | Belgium (Antwerp) | 15-16 July |
| <i>Marycam Swan</i> | Trammo | 15 | Turkey (Igsas) & Israel (Haifa) | 11-13 July |
| <i>Gas Manta</i> | Ameropa | 23.4 | Morocco (Jorf Lasfar) | 20 July |
| <i>Sanko Independence</i> | OCP | 23 | Morocco (Jorf Lasfar) | 21 July |
| <i>Marycam Swan</i> | Trammo | 15 | Turkey (Toros - 8) & Israel (Haifa - 5) | 22 July |
| <i>Gas Cobia</i> | Ameropa | 23.4 | Tunisia (Gabes) | 22-23 July |
| <i>Clipper Mars</i> | Ameropa | 40 | EC India (Paradeep) | 30-31 July |

| AUGUST | | 158.7 | | |
|---------------------|----------------------------|-------|-------------------|---------------|
| <i>Solaro</i> | Ameropa on b/h of Muntajat | 23.5 | Jordan (Aqaba) | 3-4 August |
| <i>Gas Cobia</i> | Ameropa | 23.4 | Belgium (Antwerp) | 10 August |
| <i>Gas Snapper</i> | Ameropa | 23.4 | TBC | 1-half August |
| <i>Gas Manta</i> | Ameropa | 23.4 | TBC | 1-half August |
| <i>Clipper Odin</i> | Ameropa | 25 | TBC | 1-half August |
| <i>Clipper Moon</i> | Ameropa | 40 | Taiwan & S. Korea | 15-20 August |

BALTIC: No new spot deals have been reported in the Baltic either and regular movements of contract ammonia continue.

OCI's vessel, the *Wilhelm Schulte* will load Acron cargo at the end of the month.

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

| Vessel | Trader | '000 t | Destination | Load date |
|------------------------|---------|--------|------------------------|-----------------------------|
| JUNE | | 95 | | |
| JULY | | 82.4 | | |
| <i>Gas Manta</i> | Ameropa | 23.4 | Belgium (Antwerp) | 30 June – 1 July (Sillamäe) |
| <i>Antarcticgas</i> | Yara | 10 | Norway (Porsgrunn) | 1-2 July (Ventspils) |
| <i>Antarcticgas</i> | Yara | 10 | Norway (Porsgrunn) | 7-8 July (Ventspils) |
| <i>Antarcticgas</i> | Yara | 10 | Norway (Porsgrunn) | 11-12 July (Sillamäe) |
| <i>Coral Ivory</i> | Yara | 4 | Finland (Uusikaupunki) | 16-17 July (Ventspils) |
| <i>Antarcticgas</i> | Yara | 10 | Norway (Porsgrunn) | 18-19 July (Sillamäe) |
| <i>Coral Ivory</i> | Yara | 4 | Sweden (Köping) | 20-21 July (Sillamäe) |
| <i>Wilhelm Schulte</i> | OCI | 11 | TBC | End July (Sillamäe) |
| AUGUST | | 46.8 | | |
| <i>Gas Grouper</i> | Ameropa | 23.4 | Belgium (Antwerp) | 5 August (Sillamäe) |
| <i>TBC</i> | Ameropa | 23.4 | TBC | End August (Sillamäe) |

EUROPE

FRANCE: Yara's vessel, the 8,000 t capacity *Temse*, loaded ammonia from **Borealis** at Rouen around 21 July for delivery to Germany.

GERMANY: According to the latest customs' data, monthly exports of ammonia in May were, at 37,695 down by 5,280 t or 12.3% m-o-m from 42,975 t in April. This brought the total exports for January-May to 147,844 t, up by 41,590 t or 39.1% y-o-y from 106,254 t during the first five months of 2015. (Source: GTIS/Statistics Germany)

UNITED KINGDOM: According to customs' data total ammonia exports during January-May reached 94,237 t, down by 16,953 t or 15.2% from 111,190 t in the same period of 2015. Monthly exports in May amounted to just 7,997 t compared with 18,036 t in April. (Source: GTIS/HMRC)

This was the lowest monthly export volume since July 2015 and can be attributed to the Hull plant undergoing maintenance closure. The plant has restarted in the second half of May.

It is understood that ammonia output at the Hull plant has been running at lower rates than usual for a couple of weeks in July and therefore Yara lifted only one 8,000 t cargo earlier in the month.

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

| Vessel | Trader | '000 t | Destination | Load date |
|--------------|--------|-----------|-------------------|-----------------|
| JUNE | | 16 | | |
| JULY | | 8 | | |
| <i>Temse</i> | Yara | 8 | Germany (Rostock) | 7-8 July (Hull) |

CARIBBEAN

TRINIDAD: There are reports of increased gas curtailments in Trinidad with one platform heard to have limited gas supply by up to 40% but further details are scarce.

One of Yara's ammonia plants is reportedly down but it is thought to be unrelated to the gas supply situation with the downturn thought to be caused by technical issues.

The *Clipper Neptun* is expected to arrive at Point Lisas around 30 July for loading. It is unclear whether the vessel will lift full or part cargo as she appears to have previously been at Puerto Jose in Venezuela where she might have loaded some volume already and will now top-up from Trinidad. The known vessel line-up for lifting out of Point Lisas in July and August so far is tabulated below.

| Vessel | '000 t | Destination | Load date |
|------------------------|--------|--|------------|
| JUNE | | 370.2 | |
| JULY | | 435.7 | |
| <i>Brussels</i> | 8 | Chile (Including 15 previously loaded from Brazil) | 1-2 July |
| <i>Sombeke</i> | 25.4 | United States & Colombia (Barranquilla) | 1-2 July |
| <i>Clipper Orion</i> | 40 | Far East incl Taiwan (Mai-Liao) | 2-4 July |
| <i>Libramont</i> | 25.4 | Belgium (Antwerp) | 3-5 July |
| <i>Clipper Neptun</i> | 40 | United States (Tampa) | 5-7 July |
| <i>Clipper Venus</i> | 40 | United States (Freeport & Beaumont) | 7-8 July |
| <i>Almajedah</i> | 15.4 | Brazil (Santos) | 12-13 July |
| <i>Navigator Grace</i> | 15 | Mexico (Topolobampo) | 12-13 July |
| <i>Marola</i> | 24.8 | United States (Tampa) | 14-15 July |
| <i>Luigi Lagrange</i> | 24.8 | Mexico (Lazaro Cardenas) | 14-16 July |
| <i>Sanko Innovator</i> | 23 | Mexico (Topolobampo) | 15-16 July |
| <i>Kaprijke</i> | 25 | United States (Freeport & Pasadena) | 16-17 July |
| <i>Clipper Venus</i> | 40 | United States (Taft) | 24-25 July |
| <i>Brussels</i> | 23.5 | TBC | 26-27 July |
| <i>Sombeke</i> | 25.4 | Belgium (Antwerp) | 30 July |
| <i>Clipper Neptun</i> | 40? | TBC | 30 July |

NORTH AMERICA

UNITED STATES: On 26 July, **LSB Industries Inc** announced that, due to an intense lightning storm, its El Dorado, Arkansas facility suffered a complete power outage on 14 July 2016, which caused production to be halted. Subsequent restart activities indicated that normal operating parameters had been affected from the outage and repairs were required. Adjustments to El Dorado's ammonia plant synthesis loop are currently being made and the company expects to restore ammonia production at nameplate capacity during the first week of August.

In addition, LSB is undertaking necessary warranty repairs and modifications on its nitric acid plant at El Dorado during the seasonally slow period. The modifications and repairs on heat exchangers and NOX abatement systems are being done to increase efficiency and extend service life. The producer expects to complete the activities at the nitric acid plant in late August.

Customer shipments are not expected to be interrupted as the facility has a secondary nitric acid plant and the Pryor, Cherokee and Baytown facilities are able to provide required shipments to customers if necessary.

AFRICA

ALGERIA: One ammonia line is going down at the **Sorfert** plant in Arzew tomorrow, 29 July as the producer is starting its full maintenance program. The plant is expected to be down for 3 weeks.

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 |
| JUNE | | 103.8 | | | |
| JULY | | 118.3 | | | |
| <i>Andesgas</i> | Fertial | 10 | Spain (Aviles)/Fertiberia | Arzew | 30 June – 1 July |
| <i>Queen Isabella</i> | Fertial | 7 | Spain (Sagunto & Castellon) | Annaba | 3-5 July |
| <i>Andesgas</i> | Fertial | 10 | Portugal (Lisbon) & Spain (Aviles)/Fertiberia | Arzew & Annaba | 9-13 July |
| <i>Wilhelm Schulte</i> | Sorfert | 11 | Netherlands (Rotterdam)/OCI | Arzew | 15-18 July |
| <i>Queen Isabella</i> | Fertial | 7 | Spain (Sagunto)/Fertiberia | Arzew | 18-19 July |
| <i>Navigator Gusto</i> | Sorfert | 14.9 | France (Montoir)/Yara | Arzew | 19-20 July |
| <i>Andesgas</i> | Fertial | 10 | Spain (Aviles) & Portugal (Lisbon)/Fertiberia | Annaba | 23-25 July |
| <i>Eupen</i> | Sorfert | 23.5 | India (EC India)/Trammo | Arzew | 28 July |
| <i>Antarcticgas</i> | Sorfert | 10 | TBC/Yara | Arzew | 30 July |
| <i>Navigator Gusto</i> | Sorfert | 14.9 | TBC/Yara | Arzew | End July |

LIBYA: Yara's vessel, the *Pertusola* loaded 11,000 t at Marsa el Brega from the **Lifeco** plant on 20-21 July for delivery to Norway.

MIDDLE EAST

QATAR: The **Qafco 6** ammonia plant is still understood to be experiencing production problems.

SAUDI ARABIA: In its Q2-2016 financial results and a conference call with financial analysts and investors on 21 July, **Ma'aden** reported that its Wa'ad Al Shamal project is progressing well with plants now at advanced stage of construction. The ammonia plant is expected to start commissioning in Q3.

The latest Middle East line-up is tabulated below.

| Vessel | Supplier/Origin | '000 t | Destination | Price \$/t | Load date |
|---------------------|-------------------------------|--------------|---|--------------|------------|
| JUNE | | 201.6 | | | |
| JULY | | 190 | | | |
| <i>Gas Cat</i> | Raintrade/Iran (BIK) | 18.5 | Taiwan (Taichung) | I-t contract | 3 July |
| <i>Gas Quantum</i> | Mitsui/ex-S.A. (Jubail) | 23 | China (Caojing -16) & Taiwan (Taichung - 7) | Spot formula | 3 July |
| <i>Almarona</i> | Muntajat/Qatar | 15 | India (MCFL/New Mangalore & CIL/Kakinada) | I-t contract | 4-6 July |
| <i>Everrich 6</i> | Transagri/ex-Iran (Assaluyeh) | 5.5 | India (Deepak/JNPT-Mumbai) | n/a | 8-9 July |
| <i>Sylvie</i> | Trammo/ex-Oman (Sur) | 23 | Taiwan (10) & China (13) | n/a | 14-15 July |
| <i>Rose Gas</i> | Sabic/S.A. (RAK) | 21 | WC India (incl Hindalco/Dahej) | n/a | 19-20 July |
| <i>Gas Line</i> | Raintrade/Iran (BIK) | 23 | India (incl Deepak/JNPT-Mumbai) | n/a | 19-20 July |
| <i>Al Jabirah</i> | Sabic/S.A. (Jubail) | 23 | Taiwan (Taichung) | n/a | 17-19 July |
| <i>Gas Columbia</i> | Muntajat/Qatar | 23 | India (incl SPIC/Tuticorin) | I-t contract | 23-25 July |
| <i>Almarona</i> | Muntajat/ex-S.A. (RAK) | 15 | India | swap | 25-29 Jul |
| AUGUST | | 84-89 | | | |
| <i>Al Barrah</i> | Sabic/S.A. (Al Jubail) | 23 | Far East | n/a | 6 August |

| | | | | | |
|--------------------|------------------------|-------|----------|--------------|--------------|
| <i>Gas Quantum</i> | Mitsui/ex-S.A. (RAK) | 23 | Far East | Spot formula | 9-13 August |
| <i>Rose Gas</i> | Sabir/S.A. (RAK) | 15-20 | India | n/a | 18-20 August |
| <i>Al Jabirah</i> | Sabir/S.A. (Al Jubail) | 23 | Far East | n/a | 25 August |

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

ASIA/OCEANIA

AUSTRALIA: The *Nordic River* is on her way back to Dampier from Gladstone and expected to arrive around 3 August for loading.

The *Viking River* is scheduled to arrive at Dampier two days later from South Korea.

The recent known ammonia loadings are tabulated below.

| AUSTRALIA: 2016 AMMONIA SHIPMENTS | | | |
|-----------------------------------|-----------|---------------------------|----------------------|
| Vessel | '000 t | Destination/Supplier | Load Date/Port |
| JUNE | 75 | | |
| JULY | 40 | | |
| <i>Viking River</i> | 25 | South Korea (Yosu)/Yara | 10-11 July (Dampier) |
| <i>Nordic River</i> | 15 | Gladstone (domestic)/Yara | 16-17 July (Dampier) |
| AUGUST | 50 | | |
| <i>Nordic River</i> | 25 | TBC/Yara | 3-4 August (Dampier) |
| <i>Viking River</i> | 25 | TBC/Yara | 5-6 August (Dampier) |

INDONESIA: Mitsui's vessel, the *Gaz Serenity* arrived at Bontang yesterday, 27 July to load ammonia for delivery to customers in China, South Korea and Japan.

The *Gaz Millennium*, currently discharging in Mizushima, Japan, will return to Bontang to reload early August.

The *Gaschem Dollart* is discharging a small cargo of Malaysian ammonia for Mitsui's delivery to CJ at Gresik and thereafter will load either in Indonesia or Malaysia.

The latest ammonia loading schedule for Indonesian ports is below.

| INDONESIA: 2016 AMMONIA EXPORT SHIPMENTS | | | |
|--|-------------|---|------------------------|
| Vessel | '000 t | Destination/Supplier | Load Date/Port |
| JUNE | 80.6 | | |
| JULY | 81 | | |
| <i>Gaz Serenity</i> | 15 | China (Caojing) & Japan (Mizushima & Kurosaki)/Mitsui | 3-4 July (Bontang) |
| <i>SCF Tobolsk</i> | 23 | S. Korea (Ulsan & Yosu)/Trammo | 3-5 July (Bontang) |
| <i>Gaz Millennium</i> | 15 | Taiwan (Taichung) & Japan (Nagoya & Mizushima)/Mitsui | 6-8 July (Bontang) |
| <i>SCF Tomsk</i> | 13 | India for CIL /Trammo (top up after 10 loading in Malaysia) | 15-16 July (Bontang) |
| <i>Gaz Serenity</i> | 15 | China, S. Korea & Japan/Mitsui | 27-28 July (Bontang) |
| AUGUST | 15 | | |
| <i>Gaz Millennium</i> | 15 | S. Korea (Yosu)/Mitsui | Early August (Bontang) |

MALAYSIA: The *Bunga Kemboja* left Kerteh today, 28 July, heading back to Thailand.

The latest ammonia loading schedule for Malaysian ports is below.

MALAYSIA: 2016 AMMONIA EXPORT SHIPMENTS

| Vessel | '000 t | Destination/Supplier | Load Date/Port |
|------------------------|-------------|---|----------------------|
| JUNE | 16.5 | | |
| JULY | 45.3 | | |
| <i>SCF Tomsk</i> | 10 | EC India/Trammo (following top-up in Indonesia) | 9-10 July (Kerteh) |
| <i>Bunga Kemboja</i> | 16.5 | Thailand (Raying & Map Ta Phut)/Petronas | 17-18 July (Kerteh) |
| <i>Gaschem Dollart</i> | 2.3 | Indonesia (Gresik)/Mitsui | 16-18 July (Bintulu) |
| <i>Bunga Kemboja</i> | 16.5 | Thailand (Map Ta Phut)/Petronas | 26-28 July (Kerteh) |

MARKETS

AFRICA

MOROCCO: Ameropa's vessel, the *Gas Manta* is at Jorf Lasfar waiting to discharge ammonia for **OCP**.

The *Sanko Independence* will arrive from Yuzhnyy shortly after, around 30 July.

OCP's vessel, the *Cambridge* is presently loading at Donaldsonville, US and will arrive at Jorf Lasfar in August.

The latest line-up for ammonia deliveries into Morocco:

MOROCCO: KNOWN 2016 AMMONIA IMPORTS

| Vessel | '000 t | Supplier/Origin | Discharge |
|---------------------------|--------------|---------------------------|---------------|
| JUNE | 69.4 | | |
| JULY | 130.8 | | |
| <i>Navigator Grace</i> | 10 | Trammo/ex-Algeria | 1-3 July |
| <i>Gas Cobia</i> | 23.4 | Ameropa/Yuzhnyy | 8 July |
| <i>Cambridge</i> | 23 | ex-Yuzhnyy | 9-11 July |
| <i>Clipper Sky</i> | 28 | ex-CF Donaldsonville (US) | 19-21 July |
| <i>Gas Manta</i> | 23.4 | Ameropa/Yuzhnyy | 28 July |
| <i>Sanko Independence</i> | 23 | ex-Yuzhnyy | 30 July |
| AUGUST | 70.2 | | |
| <i>Cambridge</i> | 23.4 | ex-CF Donaldsonville (US) | 1-half August |
| <i>Gas Grouper</i> | 23.4 | Ameropa/ex-Baltic | Mid-August |
| <i>Cambridge</i> | 23.4 | ex-Yuzhnyy | 2-half August |

TUNISIA: The *Gas Cobia* is on her way from Yuzhnyy to Gabes with Ameropa's delivery for **GCT** and is now expected to arrive around 30 July to discharge ammonia at the turn of the months.

The latest known ammonia deliveries into Gabes are as follows:

TUNISIA: KNOWN 2016 AMMONIA IMPORTS

| Vessel | '000 t | Supplier/Origin | Discharge |
|--------------------|-------------|-----------------|-----------|
| JULY | 46.8 | | |
| <i>Gas Grouper</i> | 23.4 | Ameropa/Yuzhnyy | 1-2 July |
| <i>Gas Cobia</i> | 23.4 | Ameropa/Yuzhnyy | 30 July |

EUROPE

BELGIUM: The *Gas Grouper* arrived at Antwerp on 27 July with delivery from Ameropa and is waiting to discharge.

The latest known ammonia deliveries into Antwerp are as follows:

| BELGIUM: KNOWN 2016 AMMONIA IMPORTS | | | |
|-------------------------------------|-------------|-------------------|------------|
| Vessel | '000 t | Supplier/Origin | Discharge |
| JUNE | 80.2 | | |
| JULY | 56.8 | | |
| <i>Gas Manta</i> | 23.4 | Ameropa/Baltic | 5-8 July |
| <i>Temse</i> | 8 | Yara/Netherlands | 6 July |
| <i>Libramont</i> | 25.4 | PCS/Trinidad | 19-20 July |
| <i>Gas Grouper</i> | 23.4 | Ameropa/Yuzhnyy | 27-28 July |
| AUGUST | 48.8 | | |
| <i>Gas Grouper</i> | 23.4 | Ameropa/ex-Baltic | Mid-August |
| <i>Sombeke</i> | 25.4 | PCS/Trinidad | Mid-August |

FRANCE: According to customs data, monthly ammonia imports into France were, at 59,120 t, up by 15,135 t or 34.4% m-o-m from 43,985 t which arrived in April. Total imports for January-May are, at 273,804 t, down at by 15,535 t or 5.4% y-o-y from 289,339 t which arrived during the first five months of 2015. (Source: GTIS/Eurostat)

GERMANY: According to customs data, total ammonia imports during January-May reached 236,573 t, down by 59,655 t or 20.1% y-o-y from 296,228 t which arrived during the first five months of 2015. The monthly imports for May 2016 have been reported at 37,708 t, also sharply down m-o-m from 58,537 t imported in April (20,829 t or 35.6% decrease). (Source: GTIS/Statistics Germany)

SPAIN: According to Spanish customs' data monthly ammonia imports in May reached 42,004 t, up by 11,037 t or 35.6% m-o-m from the 30,967 t imported during April. This brought the total imports for January-May to 154,378 t, down by 39,843 t or 20.5% y-o-y from 194,221 t which arrived during the same period of 2015. (Source: GTIS/Eurostat)

ASIA/OCEANIA

CHINA: According to customs' data, monthly ammonia imports in June reached 55,727 t, posting a m-o-m increase of 36,744 t and nearly tripling the monthly arrivals in May. This meant jumping from this year's lowest monthly arrivals of 18,983 t in May to the highest monthly arrival volume this year so far in June. June arrivals were sourced from Indonesia (40,701 t), Qatar (8,000 t) and Saudi Arabia (6,965 t) and brought the total imports for 1-half of 2016 to 229,084 t, up by 32,358 t or 16.4% y-o-y from the 196,726 t during the 1-half of 2015. (Source: GTIS/China Customs)

INDIA: West Coast – It is heard that Sabic's vessel, the *Rose Gas*, which discharged around 6,000 t for **Hindalco** at Dahej and followed by 15,000 t for **GSFC** at Sikka around 25 July has been priced at around mid-\$350 cfr level.

West and East Coast – We have previously reported that Muntajat's vessel, the *Gas Columbia* has delivered 7,000 t to **Greenstar** at Tuticorin on 4 July followed by 5,000 t to **CIL** at Vizag, 8,500 t to CIL at Kakinada and 4,500 t to **Zuari** at Goa on 15 July. It is now understood the CIL volume was priced at around \$350 cfr level.

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

| Buyer/Location | Supplier | '000 t | \$/t cfr unless stated | Discharge | Vessel |
|-------------------|----------------------|--------------|------------------------|-----------|---------------------------|
| JUNE | | 179.3 | | | |
| JULY | | 280.6 | | | |
| West Coast | | 97.5 | | | |
| Iffco/Kandla | Trammo/ex-Trinidad | 7.5 | Mid/high \$360s | 2 July | <i>Sanko Independence</i> |
| Iffco/Kandla | Ameropa/ex-Black Sea | 18.5 | n/a | 25 July | <i>Clipper Odin</i> |

| | | | | | |
|------------------------------------|--|--------------|------------------|------------------|---------------|
| GSFC/Sikka | Sabic/S. Arabia | 15 | n/a | 5 July | Rose Gas |
| GSFC/Sikka | Sabic/S. Arabia | 15 | ~\$355 | 26 July | Rose Gas |
| Hindalco/Dahej | Sabic/S. Arabia | 6 | ~\$355 | 25 July | Rose Gas |
| Deepak Fertilisers/ JNPT-Mumbai | Transagri/ex-Iran | 5.5 | n/a | 1-2 July | Everrich 6 |
| Deepak Fertilisers/ JNPT-Mumbai | Trammo/ex-Bangladesh | 8 | Mid-\$370s | 7-9 July | Sylvie |
| Deepak Fertilisers/ JNPT-Mumbai | Sabic/S. Arabia | 4 | \$380 | 12-13 July | Rose Gas |
| Deepak Fertilisers/ JNPT-Mumbai | Transagri/ex-Iran | 5.5 | n/a | 14 July | Everrich 6 |
| Deepak Fertilisers/ JNPT-Mumbai | Ameropa/ex-Black Sea | 8 | n/a | 28 July | Clipper Odin |
| Zuari/Goa | Muntajat/Qatar | 4.5 | I-t contract | 18 July | Gas Columbia |
| Zuari/Goa | Dreymoor/ex-Black Sea | ? | n/a | 23 July | Gaschem Stade |
| West and/or East Coast | | 15 | | | |
| MCFL/New Mangalore | Muntajat/Qatar | 15 | I-t contract | 10 July | Almarona |
| CIL/Kakinada | Muntajat/Qatar | | | 14 July | |
| East Coast | | 168.1 | | | |
| Greenstar/Tuticorin | Muntajat/Qatar | 7 | I-t contract | 4 July | Gas Columbia |
| PPL/Paradeep | CIFC-Raintrade/ex-Iran | 10 | \$367 | 4 July | Gas Line |
| PPL/Paradeep | Dreymoor/ex-Black Sea | 12 | Mid-\$340s w120d | 2-half July | Gaschem Stade |
| PPL/Paradeep | Muntajat/ex-Black Sea | 23.3 | \$360 | 24 July | Gas Snapper |
| CIL/Kakinada | CIFC-Raintrade/ex-Iran | 5.5 | \$367 | 6 July | Gas Line |
| CIL/Kakinada | Muntajat/Qatar | 8.5 | \$350 | 15-16 July | Gas Columbia |
| CIL/Kakinada | Dreymoor/ex-Black Sea | 11 | n/a | 27 July | Gaschem Stade |
| CIL/ Kakinada | Trammo/ex-Malaysia (10) and Indonesia (13) | 10 | Mid-high \$360s | 24 July | SCF Tomsk |
| CIL/Vizag | CIFC-Raintrade/ex-Iran | 8 | \$367 | 7 July | Gas Line |
| CIL/Vizag | Muntajat/Qatar | 5 | \$350 | 13 July | Gas Columbia |
| CIL/Vizag | Trammo/ex-Malaysia (10) and Indonesia (13) | 12 | Mid-high \$360s | 25 July | SCF Tomsk |
| Iffco/Paradeep | Trammo/ex-Turkey | 23 | \$350 | 23 July | Anafi |
| Iffco/Paradeep | Ameropa/ex-Black Sea | 32.8 | High \$330 | 9 July | Clipper Mars |
| AUGUST | | 23.5 | | | |
| West Coast | | 5.5 | | | |
| Deepak Fertilisers/ JNPT-Mumbai | Trammo/ex-Algeria | 5.5 | \$330 | August | Eupen |
| East Coast | | 18 | | | |
| Iffco/Paradeep | Trammo/ex-Algeria | 18 | I-t contract | August | Eupen |
| SEPTEMBER | | 23 | | | |
| East Coast | | 23 | | | |
| PPL/Paradeep | CIFC/ex-Iran | 23 | \$325 | 2-week September | TBC |

The latest provisional data from the FAI show **DAP/DAP lite production** was 347,300 t in June, 100,000 t or 22.4% below May but up 69,000 t or 24.8% y-o-y on June 2015. This brought total DAP output for January-June 2016 to nearly 2.35 million t, up by 634,000 t or nearly 37% from the 1.72 million t produced during the 1-half of 2015.

Provisional FAI figures show that **NP/NPK output** in June 2016 was, at 751,600 t up by 92,000 t or 13.9% m-o-m from 660,390 t produced in May. June output was the highest monthly production figure since September 2015 and brought the total NP/NPK output for the first half of 2016 to 3.63 million t, down by 110,000 t or 2.9% y-o-y from around 3.74 million t during 1-half of 2015.

SOUTH KOREA: **Namhae** fixed a new spot deal with Mitsubishi for 10,000 t ammonia at \$325 cfr for 1-half September delivery.

Mitsubishi has the *Touraine* on the way to Yosu, with an eta 12 August to cover a contract delivery to Namhae.

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

| Buyer/Location | Supplier | '000 t | Discharge | Vessel |
|------------------|--------------------------------------|--------------|------------------|-----------------------|
| JUNE | | 79.5 | | |
| JULY | | 112 | | |
| Namhae/Yosu | Mitsubishi/ex-Australia | 25 | 3-6 July | <i>Nordic River</i> |
| Namhae/Yosu | Trammo/ex-Indonesia | 10 | 13-15 July | <i>SCF Tobolsk</i> |
| Namhae/Yosu | Yara/Australia | 25 | 22 July | <i>Viking River</i> |
| LFC*/Ulsan | Trammo/ex-Indonesia | 16 | 8 July | <i>Bunga Kemboja</i> |
| LFC*/Ulsan | Trammo/ex-Indonesia | 13 | 11 July | <i>SCF Tobolsk</i> |
| LFC*/Ulsan | Sabic/S. Arabia | 23 | 17-19 July | <i>Al Barrah</i> |
| AUGUST | | 90 | | |
| Namhae/Yosu | Trammo (10) & Mitsubishi (12)/ex-USA | 22 | Mid-August | <i>Touraine</i> |
| Namhae/Yosu | Mitsui/ex-Indonesia | 15 | Mid-August | <i>Gaz Millennium</i> |
| LFC*/Ulsan | Koch/ex-TBC | 22 | Early August | <i>Clipper Orion</i> |
| LFC*/Ulsan | Trammo/ex-TBC | 10 | 1-half August | <i>TBC</i> |
| LFC*/Ulsan | Mitsui/ex-TBC | 5 | August | <i>TBC</i> |
| LFC*/Ulsan | Mitsubishi/Malaysia | 16 | End August | <i>TBC</i> |
| SEPTEMBER | | 52-53 | | |
| Namhae/Yosu | Mitsubishi/ TBC | 10 | 1-half September | <i>TBC</i> |
| LFC*/Ulsan | Mitsubishi/ TBC | 15 | Early September | <i>TBC</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

THAILAND: According to customs' data, June imports of ammonia were 37,992 t, with 20,495 t sourced from Malaysia and 17,475 t from Indonesia. Imports over the first six months of 2016 amounted to 196,324 t, a 10,405 t or 5% drop on the arrivals during the same period of 2015 which totalled 206,729 t. (Source: GTIS/Thai Customs Department)

NORTH AMERICA

UNITED STATES: Yara and Mosaic agreed the contract price for August deliveries into **Tampa** at \$270 cfr, down \$15 from the \$285 cfr level for July.

There were rumours last week that there has been a new spot sale into Tampa for August delivery concluded at \$275 cfr but this has not been confirmed so far although it is understood that there have been offers of spot ammonia priced well below July Tampa price settlement and this is thought to have had an impact on the \$15 drop in the contract price for August. Some market participants report that US ammonia market is long and therefore downward pressure on prices continues.

In the **domestic market** for direct application ammonia, wholesalers in central and south Michigan, north-central and central Ohio as well as north-central and central Indiana report that corn was beginning to deteriorate due to very dry conditions.

Cash prices for ammonia in central Illinois are running \$385 and prepay is on offer \$405-415. Demand is seasonally slow.

Moderate volume ammonia is going to dealer storage in south-east Nebraska, east Kansas and west Missouri. Demand was light for ammonia going to dealer storage in east Missouri and south-west Illinois. Wholesalers indicated corn looks in excellent condition. Light volume of ammonia moved to wheat preplant in central and south-west Oklahoma.

LATIN AMERICA

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

| Vessel name | Supplier | '000 t | Origin | Discharge date/ Estimated arrival |
|-------------------------|----------|-------------|----------|--------------------------------------|
| JUNE | | 15.4 | | |
| JULY | | 46.4 | | |
| <i>Marola</i> | Yara | 16 | Trinidad | 1-2 July |
| <i>Navigator Galaxy</i> | Yara | 15 | Trinidad | 12-13 July |
| <i>Almadejah</i> | Yara | 15.4 | Trinidad | 23-25 July |

COMPANY NEWS

NORWAY: Yara International ASA reported its Q2 results on 21 July. EBITDA for the quarter excluding special items was 22% lower, as weaker fertilizer prices were only partly offset by positive energy and currency translation gains.

"Yara reports strong deliveries and production, but margins declined due to lower fertilizer prices globally. The challenging market situation underlines the need to further strengthen our operations," said Svein Tore Holsether, President and Chief Executive Officer of Yara.

"As communicated earlier we are establishing a program to drive and coordinate existing and new improvement initiatives. I am pleased to announce that we have so far identified at least \$500 million of annual improvement potential," said Svein Tore Holsether.

Yara reports second-quarter net income after non-controlling interests of NOK 3,072 million (NOK 11.23 per share), compared with NOK 2,916 million (NOK 10.59 per share) a year earlier. Excluding net foreign exchange gain and special items, the result was NOK 6.37 per share compared with NOK 9.58 per share in second quarter 2015. Second-quarter EBITDA excluding special items was NOK 3,958 million compared with NOK 5,055 million a year earlier. The reported EBITDA for second quarter includes a gain of NOK 1,553 million from divesting Yara's European CO₂ business.

Global Yara fertilizer deliveries were in line with Q2 2015, but with deliveries of Yara-produced products 8% higher than a year ago, mainly driven by higher nitrate deliveries in Europe. In Europe, fertilizer deliveries were 4% higher than a year earlier, with deliveries of Yara-produced nitrates and NPK 14% and 3% higher respectively. Adjusting for the divestment of the CO₂ business (effective from 1 June) Industrial segment sales volumes were in line with second quarter 2015.

Yara's margins declined compared to second quarter last year, as sales prices fell more than input costs. Yara's average realized urea and nitrate prices decreased around 25%. NPK premiums measured in absolute terms were in line with second quarter last year. Yara's average global gas costs were 33% lower than a year ago.

Yara believes the global farm margin outlook and incentives for fertilizer application remain supportive overall, also due to lower prices for fertilizers and other agricultural inputs. "In Europe, pre-buying incentives are improved given significantly lower nitrogen prices, and Yara enters the third quarter with a stronger order book than a year ago. Yara sees continued fertilizer demand growth in Brazil, where improved agricultural export competitiveness and credit availability have positively impacted fertilizer demand in 2016. Based on current forward markets for oil products and natural gas, Yara's spot energy costs for the next two quarters are expected to be approximately NOK 900 million lower than a year earlier".

POLAND: In an announcement on 26 July, **Polski Koncern Naftowy ORLEN S.A.** informed about termination of talks conducted on the base of Non-Disclosure Agreement in January 2015 between the State Treasury, Grupa Azoty S.A., PKN ORLEN and Anwil S.A. regarding potential possibilities of chemical and fertilizers sector consolidation. Therefore, PKN ORLEN submitted a termination of the agreement.

PKN ORLEN has reportedly delayed the disclosure of the above information in January 2015 as the immediate disclosure was likely to negatively influence the course or the result of the conducted negotiations.

RUSSIA: On 28 July, **Uralchem** reported that in the first six months of 2016 the Group has produced 3 million t of commodity products, which corresponds to the high level from the same period last year.

| COMPARATIVE OUTPUT INDICATORS OF URALCHEM GROUP ENTERPRISES ('000 t) | | | | |
|--|--------------|--------------|---------------|-----------|
| Product | Jan-Jun 2015 | Jan-Jun 2016 | Change '000 t | Change % |
| AN and its derivatives | 1,462 | 1,474 | 12 | 1% |
| Merchant ammonia | 438 | 420 | -18 | -4% |
| Urea | 599 | 559 | -40 | -7% |
| Complex fertilizers | 356 | 354 | -3 | -1% |
| MAP | 23 | 91 | 68 | 300% |
| Other mineral fertilizers | 10,54 | 11,34 | 0,8 | 8% |
| Other chemical products | 104 | 115 | 11 | 11% |
| Total | 2 993 | 3 025 | 32 | 1% |

The company managed to significantly increase the output of MAP products (MAP 12:52 and MAP special water-soluble 12:61). Uralchem produced 91,000 t of these products as opposed to just 23,000 t during the same period of 2015, nearly quadrupling the output. The production of AN and its derivatives remained at similar, high levels seen in the corresponding period of 2015. Production of merchant ammonia was slightly down to 420,000 t as opposed to 438,000 t in the first six months of 2015 (18,000 t or 4.1% decline).

Despite the complexity of the global market for mineral fertilizers, Uralchem has maintained the high production efficiency it had in the same period of the previous year, including in the nitrogenous fertilizers sector, which is the most popular in the domestic market. After the relaunch of Voskresensk Mineral Fertilizers, the output of phosphate fertilizers has increased. The company has recently completed a large-scale investment project boosting its production level. High production efficiency allows the company to act confidently and continue growing, even under the negative impact of external factors.

CANADA: **PotashCorp** reported Q2 2016 earnings of \$0.14 per share (\$121 million), resulting in 1-half earnings of \$0.23 per share (\$196 million). Results for both periods trailed those in 2015 and included notable charges of \$0.04 per share (\$38 million) and \$0.11 per share (\$94 million), respectively.

Gross margin for the quarter (\$243 million) and first six months (\$477 million) was below 2015 levels (\$711 million and \$1.4 billion, respectively), primarily due to weaker prices for all three nutrients and lower potash sales volumes to offshore markets. Cash from operating activities of \$424 million for the Q2 and \$612 million for 1-half 2016 were both well below prior year totals.

Weaker prices – primarily for potash and nitrogen – and lower offshore potash sales volumes negatively impacted performance for the quarter, with gross margin of \$234 million, cash provided by operating activities of \$188 million and earnings before finance costs, income taxes, depreciation and amortization, termination benefit costs and certain impairment charges (adjusted EBITDA) of \$385 million, all well below 2015's respective totals. Global phosphate prices also trended lower during the second quarter due to declining input costs, increased competitive supply and weaker Indian demand.

Weaker prices for all **nitrogen** products resulted in gross margin of \$130 million for the quarter and \$237 million for the first six months, a 41% decline from last year's comparable periods. US operations accounted for 77% of nitrogen gross margin for the quarter, with Trinidad providing the remainder.

Second-quarter sales volumes of 1.5 million t marked an 8% decrease from the same period last year due to weaker North American industrial demand. Total 1-half sales volumes were 3.2 million t – 8% higher than the same period last year, primarily due to additional production at the recently expanded Lima facility.

Weaker benchmark pricing lowered the average realized price to \$244 per t during the quarter, compared to \$334 per t in the same period last year. Cost of goods sold for the quarter was \$160 per t, down from \$201 per t in 2015's second quarter, driven primarily by lower natural gas costs in the US and Trinidad.

Weaker **phosphate** prices, and notable charges of \$29 million related to inventory writedowns and an unfavourable discount rate adjustment to asset retirement obligations, resulted in negative gross margin of \$10 million for Q2 2016. These factors led to 1-half 2016 gross margin of \$29 million, 78% below 1-half 2015.

Sales volumes of 500,000 t for the quarter and 1.2 million t for the first six months were down 25 % and 8% from 2015's respective periods due primarily to weaker North American demand.

The average realized phosphate price for Q2 2016 was \$48/t, down from \$553/t in the same period last year as weaker demand weighed on prices for nearly all PotashCorp's products.

Cost of goods sold of \$506/t for Q2 was higher than the same period in 2015 as lower input costs were more than offset by a \$19 million inventory adjustment and a \$10 million unfavourable discount rate adjustment to asset retirement obligations.

UNITED STATES: On 26 July, **OCI Iowa Fertilizer** reported that the construction of its nitrogen production complex at Wever, Iowa was 97% complete and that the company was currently in the pre-commissioning phase of the facility. At the very end of July, air blows of the pipe and other equipment are scheduled to begin operations at the plant.

Previously, the company had announced the completion of a \$10 million road project serving the plant and the start-up of the boilers. Commercial production is scheduled to begin later this year. The new ammonia plant on site will have 726,000 t/y capacity which will be consumed downstream for UAN production with the output expected to reach around 1.42 million t/y UAN.

BRAZIL: **Bunge Ltd** on 28 July reported its Q2 2016 and 1-half 2016 results, which showed a y-o-y increase in net income to \$121 million in Q2 against \$86 million in the same year-ago quarter. This was mainly driven by a better performance in the Agribusiness and the Food & Ingredients units.

Net income in January- June 2016 amounted to \$356 million compared with \$349 million in the first six months of 2015, a slight y-o-y rise of 2%.

In the Fertilizer segment, Bunge recorded total EBIT of \$2 million in Q2 2016, up from \$1 million in April-June 2015. This brought total EBIT in the segment in 1-half 2016 to \$4 million against a negative EBIT of \$-5 million in January-June 2015.

Higher results in the Fertilizer segment in Q2 were driven by improved performance in Bunge's Brazilian port operation, which benefitted from higher import volumes. In Bunge's Argentine fertilizer business, which is still in the slow season, lower margins more than offset higher volumes, the company said in a statement.

"In Fertilizer, there is no change to our outlook, and we continue to expect 2016 segment EBIT to be approximately \$30 million higher than last year's result of \$5 million, driven by improved farmer economics in Argentina, which should result in increased purchases of crop inputs", Bunge's Chief Financial Officer, Drew Burke, commented.

NATURAL GAS / COAL

QUICK GLANCE (change from last week)

Henry Hub (day ahead): \$2.68 (down)

TTF: €14.25 (down)

Brent: \$43.47 (up)

WEST EUROPE: The NBP day-ahead price closed at 36.10 p/therm on 27 July up from 34.70 p/therm on 20 July. A price of 36.10 p/therm equates to \$4.74/mmBtu at the £/\$ exchange rate of 1:1.31187 from 27 July.

The August 2016 contract on ICE natural gas futures for the NBP closed at 36.37 p/therm on 27 July up from 35.14 p/therm on 20 July. The average 6-month forward strip (Aug 2016-Jan 2017) is 41.78 p/therm, which equates to \$5.48/mmBtu at the £/\$ exchange rate of 1:1.31187 from 27 July.

The Dutch TTF day-ahead price closed at €14.25/MWh on 27 July down from €14.41/MWh on 20 July, 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 €14.25/MWh equates to \$4.59/mmBtu at the exchange rate of €/£ 1:1.09945 on 27 July. In July so far, the TTF day-ahead average is estimated at \$4.63/mmBtu, which compares with \$4.76/mmBtu in June and \$4.33/mmBtu in May. The April average was \$4.01/mmBtu, up slightly from March at \$3.99/mmBtu.

The average six-month ICE futures price for TTF for Aug 2016-Jan 2017 is €15.99/MWh on 27 July, and equating to \$5.15/mmBtu using the €/£ exchange rate of 1:1.09945 from 27 July.

Crude – Growing US oil stocks has contributed to the softening in the global crude oil price. The Brent crude oil contract for September 2016 settled at \$43.47/bbl on 27 July up from \$47.17/bbl on 20 July. The average price for the 3-month strip (Sep-Nov 2016) is \$43.90/bbl against \$47.63/bbl a week before, while the 12-month average (Sep 2016-Sep 2017) is \$46.16/bbl compared with \$49.80/bbl.

In its July Short-term Energy Outlook (STEO), the EIA is forecasting Brent crude oil prices to average \$44/bbl in 2016 (up \$1 from the June report) and \$52/bbl in 2017 (flat from the prior STEO), with annual average West Texas Intermediate (WTI) prices in 2016 and 2017 expected to average roughly the same as Brent. 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 October 2016 delivery that were traded during the five-day period ending July 7 averaged \$49/b, and implied volatility averaged 37%. These levels established the lower and upper limits of the 95% confidence interval for the market's expectations of monthly average WTI prices in October 2016 at \$35/b and \$67/b, respectively. The 95% confidence interval for market expectations widens over time, with lower and upper limits of \$32/b and \$77/b for prices in December 2016”, the report reads.

UKRAINE: In late July, Naftogaz confirmed that it did not import natural gas in Q2 2016, but that it resumed purchases from European suppliers in the course of July, using its own funds. In Q1 2016, Naftogaz imported natural gas at a price of \$198/thousand cubic metres, or \$5.6/mmBtu. This was down from \$228/thousand cubic metres (\$6.4/mmBtu) in Q4 2015 and compares with \$266/thousand cubic metres (\$7.5/mmBtu) in Q3 2015.

Meanwhile, natural gas prices for industrial consumers have been increased by 9% compared with the prices operating in June-July 2016, accounting for developments on European natural gas markets, Naftogaz reported. The natural gas prices from the company's resource are differentiated depending on the volume of purchases, payment conditions and the state of previous payments to Naftogaz.

CHINA: Thermal coal prices at Qinhuangdao for the 5,500kcal grade increased this week to Rmb425-435/t (around \$64.40/t) compared with Rmb415-425/t (around \$62.70/t) last week. The average price in July is estimated at Rmb421/t (\$63.02/t), the highest monthly average since April 2015. It compares with a June 2016 average of Rmb389/t (\$60.34/t) and the year-ago average of Rmb414/t (\$67.56/t) in July 2015.

AUSTRALIA: The Newcastle market for Q4 2016 is \$67.70/t up from \$64.35/t last week; Q1 2017 is \$68.20/t up from \$64.45/t; 2017 is \$65.90/t up from \$63.15/t; 2018 is \$65.55/t against \$62.90/t last week; and 2019 is \$65.45/t.

Chevron Corp's Gorgon **LNG** project re-started production at its train 1 on 22 July following a shutdown that had begun on 1 July due to a gas leak. The construction of trains 2 and 3 meanwhile continues.

ASIA / OCEANIA / SOUTH AMERICA: The La Niña weather phenomenon, which is typically associated with above normal rainfall, has in the past led to flooding and disruption in coal production. This happened last in 2010-2011, when heavy flooding impacted coal output and export shipments from Australia.

The Australian Government Bureau of Meteorology in mid-July said that the likelihood of a La Niña emerging in late 2016/early 2017 is currently around 50%, which is lower than its previous forecasts. The climate models further indicate that, if the weather phenomenon does develop, it will not be as strong as the last one, which was the strongest on record.

The latest US government forecasts, published on 15 July by the National Oceanic and Atmospheric Administration (Noaa), predict a slightly higher 55-60% risk of La Niña reappearing this year, however these forecasts were revised down from 75% in June.

The risk for coal due to La Niña will be from the start of Q4 2016 onwards, which is typically the period of peak demand in Europe, the US and Asia. Apart from Indonesian and Australian coal, production in Colombia could also be hit from October onwards.

While uncertainty remains around the development of the weather phenomenon, prices have already firmed in the past several weeks on the La Niña jitters, with benchmarks in Australia and China both up (see above). Coal market analysts have warned that the Australian Newcastle market could rise to as much as \$90/t by early 2017 if the La Niña weather pattern does emerge over the winter.

Any price gains due to La Niña will add to the seasonal upturn due to more demand for heating during the northern hemisphere winter, which was modest though in the last three years due to rather mild winters. High coal prices could then also lead to a switch to more use of natural gas, which in turn could keep those prices firm.

UNITED STATES / CHINA: Chevron Corp reported in late July that its subsidiary, Chevron USA Inc, has signed a 5-year **LNG** supply agreement with the subsidiary of privately-owned Chinese company JOVO.

Under the terms of the agreement, Chevron will supply 0.5 million t/y of LNG to JOVO, with the first delivery scheduled in 2018 to JOVO subsidiary Singapore Carbon Hydrogen Energy.

Next to the Gorgon plant in Australia (see Australia section for the latest news), which Chevron operates and holds a 47.3% stake in, the company is also developing the Wheatstone LNG project in Western Australia with a 64% stake. This facility will, upon completion, have a nameplate production capacity of 8.9 million t/y of LNG.

UNITED STATES: The Henry Hub day-ahead price closed at \$2.68/mmBtu on 27 July down from a revised price \$2.76/mmBtu on 20 July.

In July so far, the Henry Hub has averaged \$2.81/mmBtu against a June average of \$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 also lower than the \$2.28/mmBtu in January. The December average was \$1.93/mmBtu, November was \$2.09/mmBtu and October was \$2.34/mmBtu.

On NYMEX natural gas futures, the August 2016 contract settled at \$2.672/mmBtu on 27 July up slightly from the \$2.658/mmBtu on 20 July. The average for the next three months –Aug-Oct 2016 – is \$2.680/mmBtu compared with \$2.647/mmBtu last week, while the average for the next 12 calendar months (Aug 2016-Aug 2017) is \$2.997/mmBtu against \$2.960/mmBtu.

The EIA Weekly Natural Gas Storage Report for the week ending 15 July showed a net injection of working gas stocks into underground storage of 34 bcf. The net injection compares with a median expectation of market analysts of a net injection of 39 bcf. It further compares with the year-ago injection of 70 bcf and the five-year-average injection of 61 bcf. Natural gas stocks on 15 July were 3,277 bcf, which is 454 bcf (16%) *above* a year ago and 559 bcf (21%) *above* the five-year average.

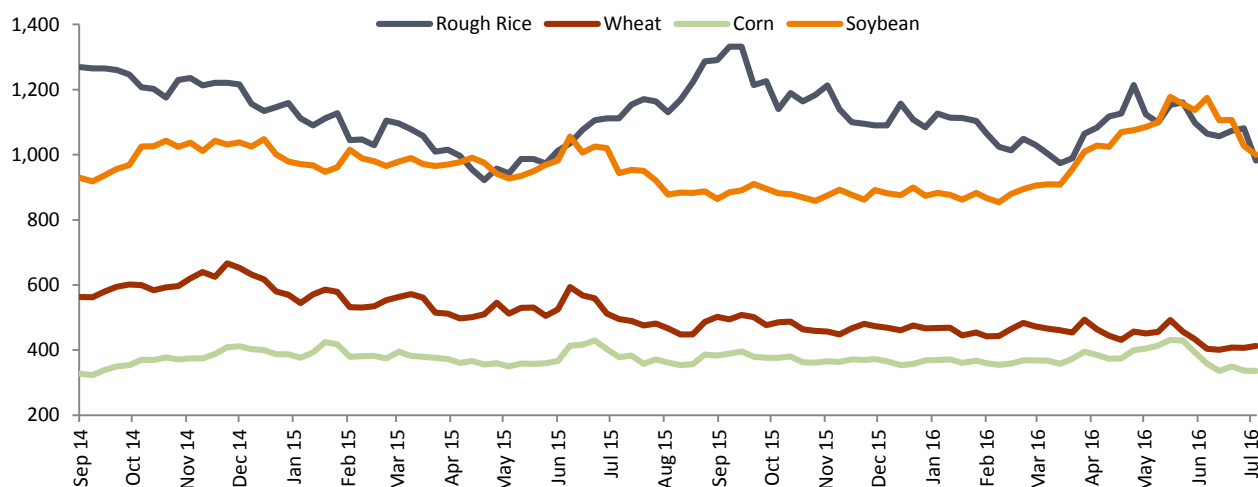
In its July Short-term Energy Outlook (STEO), EIA expects the Henry Hub natural gas spot price to average \$2.36/mmBtu in 2016 (up from \$2.22/mmBtu in the June report) and \$2.95/mmBtu in 2017 (down slightly from \$2.96/mmBtu in the prior report), having averaged \$2.63/mmBtu in 2015.

Regarding the WTI, the CME September 2016 contract closed at \$41.92/bbl on 27 July down from \$45.75/bbl on 20 July. The forward 3-month strip (Sep-Nov 2016) is \$42.62/bbl, while the 12-month forward average (Sep 2016-Sep 2017) is \$45.26/bbl.

US coal – The CAPP September 2016 contract closed at \$39.50/ston on 27 July flat w-o-w. The 3-month forward strip (Sep-Nov 2016) is \$39.75/ston against \$39.63/ston a week before, while the Sep-Dec 2016 forward average is \$39.79/ston compared with \$39.73/ston.

AGRICULTURE

WEEKLY CBOT CROP PRICES (¢/BU)



CROP FUTURES

| CME CROP PRICES (cents/bushel) | | | | | |
|--------------------------------|---------|---------------|---------|---------|-----------|
| Product | Q3 2016 | Weekly Change | Q4 2016 | Q1 2017 | July 2015 |
| Corn | 335.6 | -1.8 | 344.2 | 353.2 | 378.3 |
| Wheat | 412.4 | +5.8 | 432.6 | 449.4 | 495.3 |
| Soybean | 999.6 | -27.4 | 1,009.0 | 1,009.2 | 943.3 |
| Rough Rice | 982.5 | -98.5 | 1,108.0 | 1,132.5 | 1,112.0 |

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

| | |
|--|---|
| CORN: Q3 contracts closed slightly lower than a week ago with 1.8 cents/bushel drop week-on-week. In the US, a heat wave across the Midwest is forecast in the coming weeks, however corn crops are currently rated 82- 84% good to excellent. | WHEAT: Wheat closed 5.8 cents/bushel higher than last week. The European Union's grain harvest is under way with good prospects for yield and quality despite France's recent crop struggles. |
| SOYBEAN: Soybean Q3 contracts fell by 27.4 cents this week. The US Corn Belt is expecting hot temperatures in the next 6-10 days, which could threaten yields. | RICE: Rice futures fell considerably week-on-week and corrected down following uplifts in the previous week which were against the trend of most crops. |

REGIONAL MARKETS

EU SOFT WHEAT EXPORTS UPDATE: EU soft wheat exports have reached 852,975 t in the current 2016/17 marketing year, according to newly released European Commission, down from 1.117 million t at the same point last season. Data from the Commission's TAXUD system, which records all EU trade data directly from national customs authorities on a daily basis, shows that France has shipped 393,623 t of soft wheat to third countries this season, followed by Germany with 146,750 t and Poland with 162,731 t.

French agricultural analyst Agritel this week pegged the soft wheat crop in the EU's second biggest producer at 26.03 million t for 2016, down 1.9% from last year. Concerns have been growing over the condition of the crop in France and Germany, with unfavourable weather conditions affecting yield and quality in a number of key regions.

In its first estimate for this season, Agritel predicted German wheat yield would average 8.06 t/ha, which is slightly higher than the five-year average but below 2014 and 2015. This is slightly above the European Commission estimate of 8.04 t/ha made late last month.

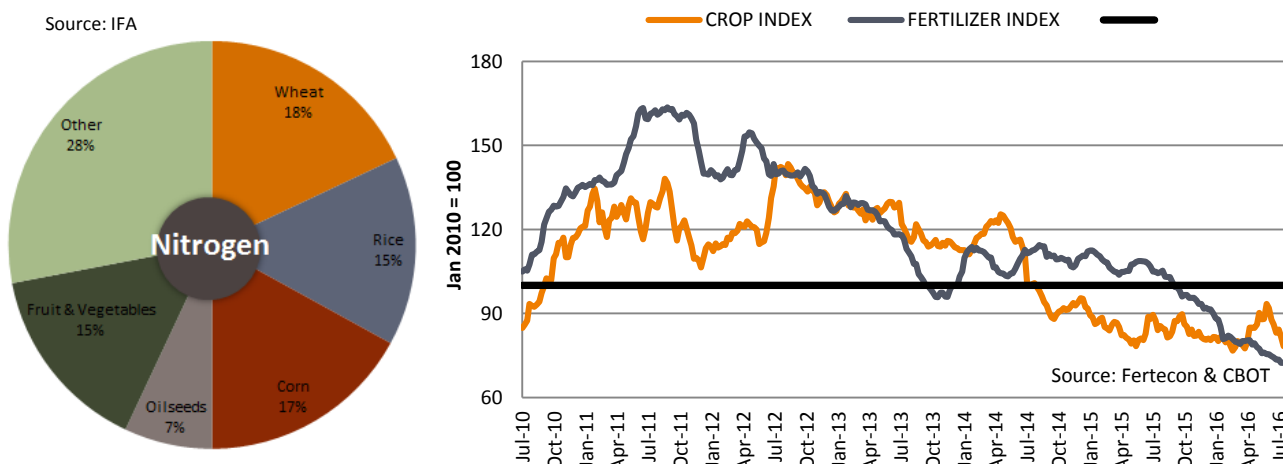
RUSSIAN WHEAT HARVEST UPDATE: Russian wheat prices dropped again last week, in light of its ever-growing crop numbers as well as limited demand. Russia is poised to harvest up to 110 million t of grain this year, according to the agriculture ministry, up 2 million t on the record crop of 2008.

Russian farmers had already harvested 34.7 million t of grain by 22 July from 18% of the sown area, and yields have so far been higher than a year ago. Russia exported 1.2 million t of grains, including 835,700 t of wheat, from 1 July when the new 2016/17 marketing year started, to 20 July, the agriculture ministry said. The pace of exports is up 7% year-on-year.

UKRAINE WHEAT HARVEST FORECAST INCREASED: Ukraine saw its forecast for the 2016 wheat harvest increased to 24.8 million t from its previous outlook of 23.3 million t, according to local analyst UkrAgroConsult. The raised estimate was attributed to recent government data which had shown that sowing area had increased from 6 million ha to 6.2 million ha, citing that yields are expected to reach 4 t/ha this season. The agriculture ministry outlined that Ukraine has harvested 16.6 million tonnes of wheat comprising of 63% of the sowing area as of 25 July with yields at 3.92 t/ha.

NITROGEN USE BY CROP

FERTECON FERTILIZER & CROP INDICES



Using 6 January 2010 as the starting point (Jan 2010=100), the Fertecon indices aim to assess relative fertilizer affordability and illustrate the comparative movement of fertilizer prices (a basket of urea, DAP and MOP) against crop prices. The denotation is that the higher the crop index is relative to the fertilizer index, the more affordable fertilizers are to farmers – and vice versa.

WEATHER & LAND CONDITIONS

UNITED STATES – UPDATE ON CORN CONDITIONS: US corn conditions were unchanged over the past week, but slipped to sixth place in the rankings since 1989, said MDA Weather Services.

Although corn conditions remain well above the 1989-2015 average and last year at this time; large declines in corn conditions were noted in Michigan, Ohio, Pennsylvania, and Texas, indicated Kyle Tapley, senior agriculture meteorologist at MDA.

These were however balanced out by improvements in Illinois, Indiana, Iowa, and Minnesota. Soybean conditions improved slightly over the past week, but remained fifth highest in the rankings since 1989.

Similar to corn, soybean conditions remain well above the 1989-2015 average and last year at this time. Soybean conditions declined across the Plains, far eastern Midwest, and Delta, but improved in the central Midwest.

INDIA – MONSOON UPDATE: According to India Meteorological Department (IMD), rainfall in the period 1 June – 27 July was close to 417 mm which is at a par with the Long Period Average. To date 34% of the country has received excess rainfall, 46% normal and only 20% has received “deficient”. Therefore, with the exception of Saurashtra, Kutch, Gujarat and Bihar where rainfall has been ‘deficient’, most of the regions across the country have so far received normal or excess monsoon rainfall.

While June rainfall constitutes 18% of the total rainfall received during the monsoon period (June- September), the showers during July (33%) and August (29%) are critical for kharif crops sowing. Excess monsoon rainfall especially since the beginning of the month has boosted the sowing of kharif crops such as rice, pulses, oilseeds and cotton besides improving the water level in 91 key reservoirs across the country.

According to ministry of agriculture data released last week, the kharif sowing so far has surpassed last year’s by more than 3%. The kharif crops have been sown in over 692 lakh ha so far. The government has set the grain production target at 270.10 million t for the 2016-17 crop year, up 6.7% from the last year.

AGRICULTURAL POLICY & TRADE

EUROPE – IMPORT AUTHORISATION GRANTED FOR THREE GMO SOYABEANS: The European Commission has finally granted import authorisation for three genetically modified soyabeans, almost exactly a year after they were given a positive assessment by the European Food Safety Authority (EFSA).

Monsanto’s MON87705xMON89788 and MON87708xMON89788 and Bayer CropScience’s FG72 varieties were all deemed safe by EFSA in July 2015. They have been waiting for Commission approval since January, when member states issued the usual ‘no opinion’ verdict in the GMO Appeal Committee.

Timing of the authorisation clears the way for the three soyabeans to be imported from the US, where the harvest will soon get underway. The authorisations are valid for 10 years, and any products produced from these GMOs will be subject to the EU's strict labelling and traceability rules.

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

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