

## 14 July 2016

- Crushed lump spot sale from Iran at a low of \$57 fob, a level not seen since 2010
- South Pars Phase 19 starts up in Iran, Phases 20 and 21 are at 90% completion
- Two panamax crushed lump shipments rumoured sailed from Black Sea to China
- Moroccan small lot indications at or near \$60 cfr, Egypt in the high \$60s cfr
- Anglo American/Brazil, Skorpion Zinc/Namibia and ICS/Senegal and Foskor/SA in the market for fresh shipments
- NW European Q3 negotiations progress slowly, buyer indications at reduction of \$10/t – confirmed by one seller

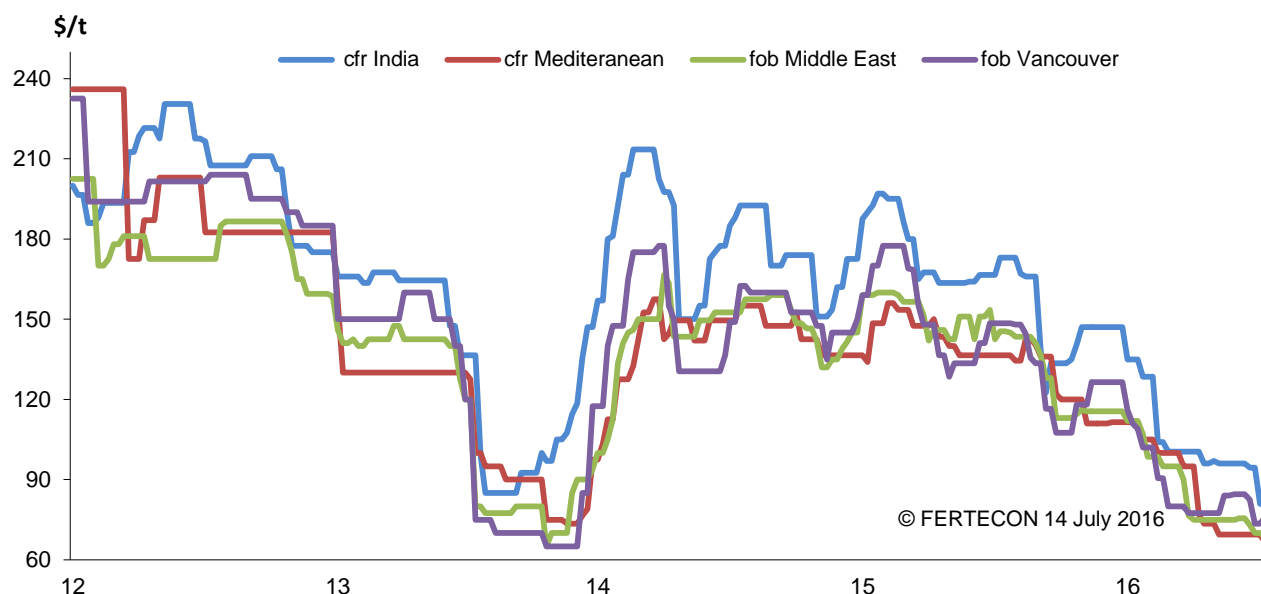
## OUTLOOK

Soft

## KEY PRICES

	14 July	7 July	30 June
Vancouver spot \$/fob	72-80	80-85*	80-85*
Middle East \$/fob	57-80	60-80	60-80
Med (inc. N.Africa) \$/cfr	60-73	60-79	60-79
North Africa cfr (contract) \$/cfr	60-73	60-79	60-79
Central Florida (liquid, LT) \$/deliv	70	70	70

## SOLID SULPHUR PRICES



## SULPHUR PRICE INDICATIONS ALL PRICES IN US\$

	14 July	7 July	30 June	
<b>Fob prices</b>				
Med cfr (includes N Africa <sup>1</sup> )	60-73	60-79	60-79	Indicative
Med cfr (small lots N Africa)	60-72	71-75	71-75	Indicative
Med cfr (small lots other markets)	68-72	68-75	68-75	Indicative
North Africa cfr (contract)	60-73	60-79	60-79	Q3 contracts so far
Med fob (small lots)	50-62	52-62	52-62	Netback Indications
China cfr	65-80	67-82	68-82	
China cfr spot	65-80	67-82	68-82	
India cfr	79-83	79-83	92-97	
Brazil cfr	78-80	78-80	79-87	Q3 contracts
Vancouver fob contract	72-80	80-85*	80-85*	Indicative Netbacks
Vancouver fob spot	72-80	80-85*	80-85*	Indicative Netbacks
California fob	72-80	80-85*	80-85*	Indicative Netbacks
Middle East fob	57-80	60-80	60-80	Full ME price range
Middle East fob contract	60-71	64-71	65-79	Q3 business so far
Middle East fob spot	57-69	60-72	60-72	
Tasweeq Qatar Sulphur Price (fob)	72	72	72	
Saudi Aramco monthly price (fob)	73	73	73	
Middle East – Adnoc (fob)	80	80	80	
<b>Delivered prices</b>				
NW Europe cpt	150-168	150-168	150-168	Q2 contracts
Delivered Benelux (refinery)	110-122	110-122	110-122	Q2 contracts
Tampa/Deliv.Cent.Fla (LT)	70	70	70	Q2 contracts
Cfr Houston (LT)	63	63	63	Q2 contracts
Galveston (LT) ex-tank	63	63	63	Q2 contracts

### FERTECON PRICE DEFINITION

\*no new business \*\*no market - Prices in *italics* relate to previous period contracts still under negotiation  
 Fertecon's sulphur prices are available to analyse and download immediately after publishing [via this link](#).

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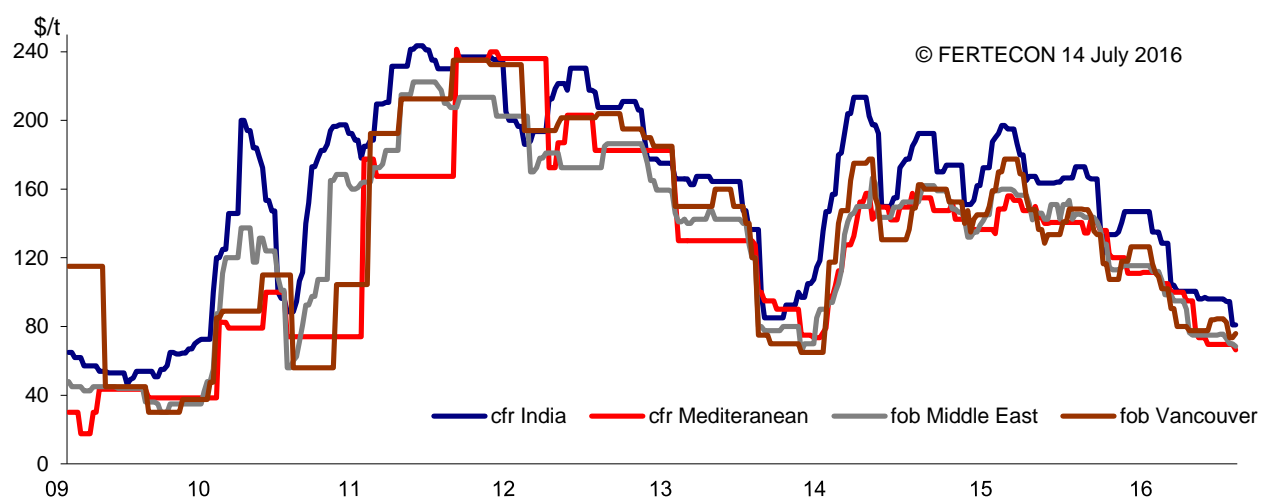
## FREIGHT INDICATIONS US\$

Route	Cargo size (t)	Latest rate (\$/t)
Jubail – WC India	15-35,000	9-10
Middle East – EC India	15-30,000	12-13
Middle East – China	35,000	11-13
Jubail – Morocco	35,000	10-12
Vancouver – China	50-60,000	11-13

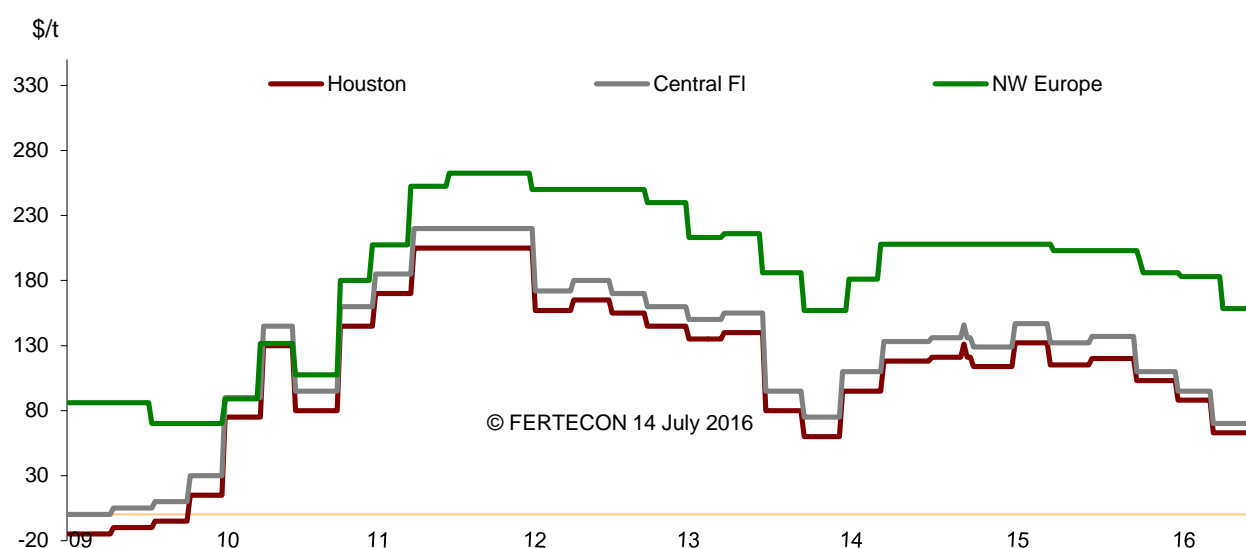
## FERTECON TENDER SERVICE

Holder/Country	'000 t	Close	Load/Deliv.	Notes
Tasweeq/Qatar*	30	19 July	August	
IGCC/Iran* (crushed)	30	11 July	August	\$57 fob
Skorpion Zinc/Namibia	18	13 July	August	
Anglo/Brazil	35-37	Mid July	August/September	
*sales tender				

## SOLID SULPHUR PRICES



## LIQUID SULPHUR PRICES



The full history of Fertecon's sulphur prices is available to view and download [via this link](#)

## ANALYSIS

A spot sale from the Middle East has set a new record low for 2016 at \$57 fob by IGCC in Iran, a price not seen since October 2010. Although this was for a crushed lump cargo and granular would probably sell at a \$8-10/t premium, we can safely assume that this shows the direction for the market and will likely give buyers encouragement to bid even lower. Taking into account a special subsidy that traders lifting from Iran receive, this latest sale is estimated to equate to the mid \$60s cfr China. For granular sulphur it has now been confirmed that a trader sold an estimated 100,000 t granular sulphur in China in the mid \$70s cfr and following this Chinese buyers are now unwilling to pay above \$80 cfr.

At the same time, cheap liquid and crushed lump sulphur prices are putting pressure on the low end of the range with rumours emerging this week of another small lot liquid sulphur sale at \$60 cfr and crushed lump sales from Saudi Arabia in the mid/high \$60s cfr. There are rumours that one or two panamax shipments of crushed lump sulphur are on the water to China, having loaded in the Russian Black Sea recently. According to sources, this is still unsold and at prevailing prices would net back to the mid/high \$30s fob. Taking rail freight at \$50-60/t from inland Russia to the port, it is clear that these cargoes would be heavily in negative territory already, but given that they are still unsold they might go at even lower prices by the time they arrive in China.

Port inventories have now reached 1.839 million t according to some estimates, but others still put this figure just under 1.8 million t. Of this about 750,000 t is at Nantong, nearly 500,000 t at Fangcheng and 300,000 t at Zhenjiang. The storms and flooding have had little impact on the sulphur market and this year there has been no damage to sulphur stocks either.

The Indian market has gone quiet this week following a flurry of activity last week. Jordan appears to be covered but there were some spot enquiries from Senegal, South Africa, Brazil and Namibia which will provide some price indications for the near term.

NW European contract prices are finally beginning to fall into place at a reduction of about \$10/t, much lower than the initially indicated rollovers. At the outset it appeared that the market would settle for a rollover but buyers began to push for at least some reduction and when prices in the Middle East and China began to decline sellers decided to concede some discount and lock in the business before buyers ask for even more of a reduction.

In North Africa some talks are still on-going and the same is true for North America where market participants expect rollovers given the already low prices.

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## MARKETS

### EUROPE

**EUROPE:** So far three buyers have reported a reduction of \$10/t compared with Q2 and one seller has confirmed this. Two other sellers have been unobtainable due to the holiday season already being in full swing. One distributor also confirmed the same magnitude of decrease while another distributor said it has not agreed anything higher than minus \$5/t.

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The **Fibrant** plant in Geleen is still in a force majeure. The plant carried out a regular scheduled maintenance from the last week of May to the last week of June but the restart was delayed as a result of the delayed shutdown of another plant on which Fibrant relies.

It is understood the Fibrant plant in Augusta in the US was slated for closure because high logistics cost have made it uncompetitive. In addition, the plant would have needed significant capital investment in the next three years which the current depressed caprolactam market did not justify.

**MEDITERRANEAN:** There are rumours that some West Mediterranean refineries are offering in the low/mid \$60s fob while Eastern Med refineries are in the low/mid \$50s fob. News has been scant from Romania or Bulgaria lately and NOC has yet to issue another tender. Egyptian indications are in the high \$60s cfr, down from the low \$70s cfr indicated a couple of weeks ago.

The Fertecon range has been adjusted slightly to reflect changing market dynamics in the region. Given that small lots sold to Morocco have been priced at or close to \$60 cfr and Egyptian price indications have lately been in the high \$60s to low \$70s cfr, the Med cfr (small lots N Africa) range has been adjusted to \$60-72 cfr, down from \$71-75 cfr.

The Med cfr (small lots other markets) range has narrowed, still reflecting a Toros purchase a couple of weeks ago on the low end. However, the high end now reflects latest price indications for August delivery to Turkey in the low \$70s cfr.

Lastly, the Med fob (small lots) has been adjusted to \$50-62 fob to reflect settlements with North Africa and netbacks to other small lot markets.

A small lot shipment from Greece to Israel will load within a fortnight. The price for this shipment is unclear but is unlikely to be above the prevailing market price.

**TURKEY:** May imports to Turkey were 36,456 t, up from 14,841 t in May last year. The increase in imports is due to the start-up of Toros's new sulphur burner that consumes about 15-17,000 t/m sulphur. The main source in May was Italy at 17,000 t followed by other small lot shipments from neighbouring countries. This brought January-May imports to 123,769 t, an increase of 116% compared with 2015. The main sources were as follows:

Turkey Sulphur Imports			
January - May			
	2014	2015	2016
Greece	18,643	28,873	33,514
Italy	20,780	3,133	23,927
Bulgaria	6,172	11,768	21,417
Libya	-	8,473	17,130
UAE	-	-	14,757
Others	17,064	5,160	13,023
<b>Total</b>	<b>62,658</b>	<b>57,407</b>	<b>123,769</b>

Source: GTIS / State Institute of Statistics

## AFRICA

**MADAGASCAR:** Sherritt International Corporation announced on 26 June that it started a 14 day shutdown at the Ambatovy Joint Venture, bringing forward activity originally intended to be performed in August. A blockage in the tailings pipe was the main driver in the decision to accelerate the shutdown, as the process of emptying the pipe and addressing the associated causes and repairs requires a full re-start. Ambatovy Q2 nickel production is now expected to be approximately 9,100 t finished nickel and 660 t finished cobalt (100% basis). Production in the quarter is affected by the shutdown and by a continuation of equipment reliability issues that affected Q1 production.

Whether this will affect sulphur demand is unclear as it receives one handy-size cargo each month and it would have taken into account a planned shutdown period when agreeing any volumes to be imported in 2016.

**MOROCCO:** OCP has yet to settle all its Q3 sulphur contracts but what has been achieved so far has been down single digits in the range \$60 to the low \$70s cfr for supply from the FSU, the Mediterranean and the Middle East.

OCP plans to buy about 1.1-1.2 million t sulphur during the rest of Q3 and has plentiful stocks estimated to last at least two months.

The buyer is not in the spot market at present and price indications from the Mediterranean for small lots have been in the low \$60s cfr.

April imports were 437,617 t, up 25% on April 2015. The main source was the UAE where four times as much sulphur was imported from in April this year than last, due to OCP entering into a long term agreement with Adnoc in the UAE.

The next biggest supplier in April was Poland followed by Russia at just under 40,000 t (down from 122,000 t in 2015 and 111,000 t in 2014) perhaps indicating that Russia's dominance is waning in the Northern African market.

Morocco Sulphur Imports			
April ('000 t)			
	2014	2015	2016
United Arab Emirates	53	53	213
Poland	26	-	55
Russia	112	122	37

Spain	18	-	37
Canada	-	-	37
Saudi Arabia	2	53	32
Others	81	121	26
<b>Total</b>	<b>291</b>	<b>350</b>	<b>438</b>

This brought January-April imports to 1.5 million t, up 4% on the same period last year. The UAE has become the largest supplier at 730,000 t, doubling its quantities compared with 2015, followed by Russia at almost a third of the UAE's volumes at 184,000 t (down from 464,000 t in 2015). Another major decrease was witnessed in imports from Kuwait and Saudi Arabia, down by 59% and 67%, respectively. The main sources of supply were as follows:

<b>Morocco Sulphur Imports</b>			
<b>January – April ('000 t)</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>
UAE	263	367	730
Russia	419	464	184
US	165	130	159
Poland	147	98	135
Spain	77	69	97
Kazakhstan	-	-	53
Canada	-	-	37
Saudi Arabia	36	78	32
Kuwait	62	94	31
Others	116	131	38
<b>Total</b>	<b>1,285</b>	<b>1,432</b>	<b>1,496</b>

Source: GTIS / Office des Changes

**NAMIBIA:** Scorpion Zinc has issued a tender that closed early this week for 18-20,000 t sulphur for delivery to Luderitz in August. Unconfirmed reports suggest that an award was made in the low \$80s cfr and an additional cargo was also bought for late September arrival. There has been a freight inquiry from the US Gulf to Luderitz, suggesting these cargoes would have been sold from there, netting back to the \$50s fob.

**SENEGAL:** ICS is understood to be in the market for 30,000 t for August loading. At least one source suggested that this may have been a price test only.

**SOUTH AFRICA:** Foskor is still ramping up production after its major shutdown that lasted for several weeks. The buyer is considering its options at present and is in no hurry to buy as they have enough stocks. It might need an early August loader. Price indications for a handy-size cargo have been below \$80 cfr but this has not been confirmed on the sell side. A previous sale to Richards Bay about a month ago was done in the high \$90s cfr.

There are rumours that a trader is looking to ship about 15-20,000 t sulphur to Richards Bay from Ust Luga but this may only be a freight enquiry and nothing more.

## ASIA

**CHINA:** It has now been confirmed that a trader sold an estimated 100,000 t granular sulphur in China in the mid \$70s cfr and following this Chinese buyers are now unwilling to pay above \$80 cfr. At the same time, cheap liquid and crushed lump sulphur prices are putting pressure on the low end of the range with rumours emerging this week of another small lot liquid sulphur sale at \$60 cfr and crushed lump sales from Iran and Saudi Arabia in the mid/high \$60s cfr.

There are rumours that one or two panamax shipments of crushed lump sulphur are on the water to China, having loaded in the Russian Black Sea recently. According to sources, this is still unsold and at prevailing prices would net back to the mid/high \$30s fob. Taking rail freight at \$50-60/t from inland Russia to the port, it is clear that these cargoes would be heavily in negative territory already, but given that they are still unsold they might go at even lower prices by the time they arrive in China.

Port inventories have now reached 1.839 million t according to some estimates, but others still put this figure just under 1.8 million t. Of this about 750,000 t is at Nantong, nearly 500,000 t at Fangcheng and 300,000 t at Zhenjiang.

Domestic prices are stable at last week's range. The storms and flooding has had little impact on the sulphur market and this year there has been no damage to sulphur stocks either.

May imports were 1.1 million t, up 37% on May last year. Monthly imports have grown, averaging over 1 million t/m to date in 2016 compared with an average of 890,000 t/m during the previous five years.

This brought January-May imports to 5.27 million t, up almost 20% on the same period last year. Saudi Arabia is by far the largest source with more than a fifth of the total volume followed by the UAE which doubled its exports compared with last year. South Korea maintained its total exports to China but Canada managed to double theirs compared with 2015 even as the wildfires raged across much of northern Alberta during part of April and May.

A substantial drop was witnessed in imports from Kazakhstan, more than halving the total import volumes as the TCO block was cleared up last October. Turkmen imports increased, although not as much as previously expected due to prohibitively high freight rates. The below table details the exact volumes imported in the observed period:

<b>China Sulphur Imports</b>			
<b>January – May ('000 t)</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Saudi Arabia	875	907	1,128
UAE	271	277	567
S Korea	353	501	541
Canada	254	235	507
Japan	434	400	503
Iran	478	422	448
Russia	326	75	317
Kazakhstan	635	685	274
India	116	167	272
Turkmenistan	-	191	241
Qatar	265	311	210
United States	126	87	110
Others	225	160	157
<b>Total</b>	<b>4,357</b>	<b>4,419</b>	<b>5,272</b>

Source of Data: China Customs

**INDIA:** RCF has issued a tender for 10,000 t (+/-10%) sulphur, closing on 22 July and valid for 15 days, for delivery by 7 August to MBPT (HB).

FACT has received applications from 6-7 suppliers under its pre-qualification deadline that closed on 8 July for the annual supply of sulphur.

April imports were 86,250 t, an increase of 1% on April 2015. The main sources were the UAE (32,000 t up from 25 t), Saudi Arabia (31,000 t, up 45%) and Kuwait at 23,000 t, up 105%. This brought January-April imports to 456,165 t, down 3% on the same period of 2015. During the same period sulphuric acid imports increased by 30% at 441,542 t, which is equivalent to about 130,000 t sulphur. The main suppliers of sulphur were as follows:

<b>India Sulphur Imports</b>			
<b>January – April ('000 t)</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Saudi Arabia	196	190	157
UAE	38	30	113
Qatar	163	125	109
Bahrain	40	23	24
Kuwait	91	38	23
Japan	16	36	18
Others	1	25	13
<b>Total</b>	<b>546</b>	<b>468</b>	<b>456</b>

Source: GTIS / Ministry of Commerce

**AUSTRALIA:** May imports were negligible. This brought January-May imports to 425,193 t, an increase of 12% on the same period last year. The main source continued to be Canada at 317,000 t, but Qatar has again eroded Canada's market share, supplying 106,000 t in 2016 compared with 35,000 t in 2015. Source: GTIS / Australian Bureau of Statistics

## NORTH AMERICA

**UNITED STATES:** Sulphur imports in May totalled an estimated 141,000 t, of which 15,000 t came from Mexico and about 125,000 t from Canada. This brought January-May imports to an estimated 750,000 t, down from 960,000 t in the same period of 2015. Source: GTIS / U.S. Department of Commerce, Bureau of Census

## SOUTH AMERICA

**BRAZIL:** Anglo American has issued a tender for 35-37,000 t, closing on 13 July for delivery in September.

June imports were 202,000 t, up from 156,000 t in May 2015. The main source in June was the US at just over 100,000 t, followed by Russia at 84,000 t and Kazakhstan at 15,000 t.

This brought 1-half 2016 imports to 928,000 t, more or less in line with the figures in the same period of 2014 and 2015. Imports from Kazakhstan more than halved as the TCO block was cleared but imports from the US Gulf increased as a result of its proximity to Brazil. Source: GTIS/SECEX

The *Dragon* is expected to delivery 35,000 t sulphur to Santos for Vale on 20 July.

Other vessels in the line-up for June are as follows:

Vessel	('000t)	Buyer	ETA
<i>TBC</i>	50	Vale	June
<i>Boston Harmony</i>	38.5	Vale	June
<i>True Love</i>	38.5	TBC	16/6
<i>Albion Bay</i>	38	Vale	19/6
<i>Stamford Pioneer</i>	22	Vale	19/6
<i>Chestnut</i>	27	Vale	21/6
<i>Caroline Bolten</i>	15	Galvani	25/6
<i>Oktem Aksoy</i>	39	Vale	26/6
<i>Nord Maru</i>	38	Vale	12/7
<b>Total</b>	<b>306</b>		

**CHILE:** May imports were 54,270 t, most of it from Canada as usual, up from 144 t in May 2015. This brought January-May imports to 109,453 t, most of it from Canada, an increase of 34% on the same period in 2015. Source: GTIS / Chile Customs - Servicio Nacional de Aduana

**CUBA:** The start-up of Sherritt's new sulphur burner is said to be delayed. Originally the initial start-up was scheduled by Q3 but some are now saying it will be September if not later. Certainly the number of sulphuric acid vessels in the line-up for Moa Bay has not reduced suggesting no decline in demand through July at least.

## SUPPLIERS

### FSU

**KAZAKHSTAN:** Chevron has announced that it is planning to expand the Tengizchevroil development as part of its Future Growth and Wellhead Pressure Management Project to increase crude oil production at the Tengiz field by 260,000 b/d, bringing TCO's total oil production to an estimated 1 million b/d. Fertecon estimates that this will result in an increase in sulphur production too, but this will depend on the sulphur content of the crude. Additional oil production from the expansion is expected in 2022 at the earliest.

May exports were estimated at 208,000 t, down from 377,000 t in May 2015. The drop is a result of the depletion of the TCO block. The main destinations were Russia (55,000 t), Israel (45,000 t), China (34,000 t) Senegal (33,000 t) and Morocco (33,000 t). This brought January-May exports to 1.1 million t, down from 1.646 million t in 2015. The main destinations were as follows:



Kazakhstan Sulphur Exports			
January – May ('000 t)			
	2014	2015	2016
China	698	709	260
Russia	255	288	294
Morocco	186	137	148
Israel	88	109	105
Brazil	245	190	103
Tunisia	-	-	60
Ukraine	82	111	49
Lithuania	70	30	48
Others	113	73	50
<b>World</b>	<b>1,736</b>	<b>1,646</b>	<b>1,116</b>

Source: GTIS / Customs Control Committee of the Ministry of Finance

**RUSSIA:** There are rumours that one or two panamax shipments of crushed lump sulphur are on the water to China, having loaded in the Russian Black Sea recently. According to sources, this is still unsold and at prevailing prices would net back to the mid/high \$30s fob. Taking rail freight at \$50-60/t from inland Russia to the port, it is clear that these cargoes would be heavily in negative territory already, but given that they are still unsold they might go at even lower prices by the time they arrive in China.

**TURKMENISTAN:** The new sulphuric acid plant at the Turkmenabad Chemical Plant (formerly Chardzhou), under construction since 2013, is reported to be in commissioning phase with a production capacity for 500,000 t/year. The new acid plant will complement the existing sulphuric acid plant which was commissioned in 1985 and also has a capacity for 500,000 t/year. Sulphur is sourced locally. Construction of the new unit was started in 2013, according to Ronesans, the Turkish construction company developing the plant in conjunction with Mitsui Engineering.

The sulphuric acid is used for the production of ammonium superphosphate and the additional capacity from the new plant will not only enable the existing phosphate fertilizer production at the complex to increase to 300,000 t/year but also it will be used for the production of up to 200-250,000 t/year potassium sulphate. Any acid surplus to requirements will be exported.

## ASIA

**INDIA:** April exports were 71,804 t, most of it to China, up 113% on April 2015. This brought January-May exports to 259,174 t, up from 205,930 t in 2015. Most of the sulphur was exported to China with the exception of nearly 30,000 t which was shipped to Indonesia.

**JAPAN:** May exports were 153,000 t, almost all to China, up from 96,000 t in May 2015. The increase in output has been attributed to the refining of sour crudes, which yield more sulphur. This brought January-May exports to 577,000 t, almost all to China, up from 497,000 t in the same period of 2015. Source: GTIS / Japan Ministry of Finance

**SOUTH KOREA:** May exports were 139,000 t, which is more or less the same as exports in February and March this year but 40% higher than May last year. The reason for the increase is believed to be higher refining rates in the country, necessitating increased exports. This brought January-May exports to 588,442 t, an increase of 13% on the same period of last year. The main destination remained China. As a result of the increased supply, liquid sulphur prices in China dropped substantially, even dipping into the \$60s cfr. (Source: GTIS / Korea Customs and Trade Development Institution)

## MIDDLE EAST

**IRAN:** IGCC has made an award under its tender that closed on 13 July for 30,000 t crushed lump sulphur at \$57 fob, which is down from its last tender that was awarded at \$60 fob. This is the lowest price recorded since October 2010 and may give encouragement to buyers to bid at even lower prices.

Raintrade closed a tender last week for a 30,000 t granular sulphur shipment from BIK but it is unclear whether an award has been made.

It is reported in the local press that phases 20 and 21 of South Pars gas field are almost complete and are nearly ready to receive gas from the seabed. According to a company official, 11 wells were drilled in Phase 21. The project is currently at 90% completion and the official expected it to be completed before the end of Q1 2017, adding a total of 800 t/d sulphur to Iran's capacity. In addition, Phase 19 of the South Pars field is reported to have started up now, at the same 400 t/d sulphur output.

**QATAR:** Tasweeq has issued its regular monthly tender for 30,000 t granular sulphur, closing on 19 July to load in August.

**UAE:** Ameropa is loading 50,000 t granular sulphur in Ruwais on the *Dynasty Xia* this week for delivery to China.

**SAUDI ARABIA:** There are reports that a handy-size granular sulphur shipment has been sold from the Red Sea late last week in the high \$60s fob.

Petro Rabigh has announced that it has contracted out a clean fuels project to KT Kinetics Technology which will include a 220 t/d sulphur recovery unit. The new unit is to be completed at the refinery by Q1 2019.

## NORTH AMERICA

**CANADA:** It emerged this week that a cargo was recently sold to China at a price that is estimated to net back to the low \$70s fob Vancouver, which forms the low end of the range this week. Some sellers suggested that prices around \$80 fob would still be achievable if there were any spot enquiries. This theory will be put to the test when Fertinal requires its next cargo for August delivery.

Vancouver continues to be tight and at least one source suggested that it is sold out until the end of the year. As New Caledonia and Chile are understood to be covered it leaves only China and Mexico as outlets for any fresh spot cargoes that could provide a price indication given the lack of liquidity in recent weeks.

So far in the year China has been the largest consumer of Canadian sulphur, followed by the US (most under contract) and Australia (again contracts). Other contract buyers are understood to be Israel, New Caledonia and Brazil, as well as Cuba. While these shipments are contracted out for the year, their price is negotiated on a shipment-by-shipment basis using various pricing formulas. As such, the only reliable indications are provided by spot sales to China, Mexico and Chile and Morocco from time to time.

### Alberta Inventories

Sulphur closing inventories in the Alberta blocks were 11.105 million t in April, down from 11.133 million to in March. Source: AER/Fertecon. The drop in inventories could mean that sulphur producers drew down some volume during April to compensate for the loss of production in Northern Alberta.

### Exports

May exports were 344,000 t, down from 441,000 t in May 2015, mainly due to the wildfires in northern Alberta. The main destinations were China at 130,000 t (up 8%), the US at 125,000 t (down from 140,000 t), Australia at 69,000 t (up 1%) and Indonesia at 20,000 t (nil in 2015). This brought Jan-May exports to 1.889 million t, up from 1.831 million t in the same period of 2015. The main destinations were as follows:

Canada Sulphur Exports		
January – May ('000 t)		
	2015	2016
China	316	548
United States	750	665
Australia	356	243
Chile	50	105
Mexico	219	77
Israel	-	58
New Caledonia	30	50
Brazil	-	45
Morocco	-	38
Cuba	90	31
Indonesia	-	20
New Zealand	21	12
Others	-	-

<b>Total</b>	<b>1,832</b>	<b>1,890</b>
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Source of Data: Statistics Canada

**UNITED STATES:** The Californian range has been lowered in line with Canadian prices. California tends to follow movements in Canada and is not a market leader in terms of price settlements. It is understood that most of the exports from California end up in the hands of Brazilian, New Caledonian, Chinese or Mexican buyers.

#### US Gulf

Scorpion Zinc has issued a tender that closed early this week for 18-20,000 t sulphur for delivery to Luderitz in August. An award is yet to be made. Unconfirmed reports suggest that an award was made in the low \$80s cfr and an additional cargo was also bought for late September arrival. There has been a freight enquiry from the US Gulf to Luderitz, suggesting these cargoes would have been sold from there, netting back to the \$50s fob.

#### Exports

May exports were 187,000 t, down from last year's 236,000 t but up on 2014's 84,000 t. It is not immediately clear what caused the drop in exports compared with last year. The main destinations were Mexico (92,000 t, up from 4,000 t), Brazil (76,000 t, down 23%) and China (12,000 t, down 85%).

This brought January-May exports to 881,842 t, an increase of 21% compared with the same period of last year but more or less in line with 2014. The main destinations were as follows:

United States Sulphur Exports			
January – May ('000 t)			
	2014	2015	2016
Brazil	357	291	324
Morocco	164	123	188
Mexico	41	51	172
China	121	111	103
New Caledonia	110	18	50
Others	63	137	44
<b>Total</b>	<b>857</b>	<b>731</b>	<b>882</b>

Source: GTIS / U.S. Department of Commerce, Bureau of Census

#### FREIGHT

DATE	Baltic Capesize	Baltic Panamax	Baltic Supramax	Baltic Handysize	Baltic Dry Index
8 July	1002	792	647	354	703
11 July	991	799	651	356	704
12 July	987	809	666	358	711
13 July	1010	819	679	360	726

Source: Baltic Exchange

#### AGRICULTURE

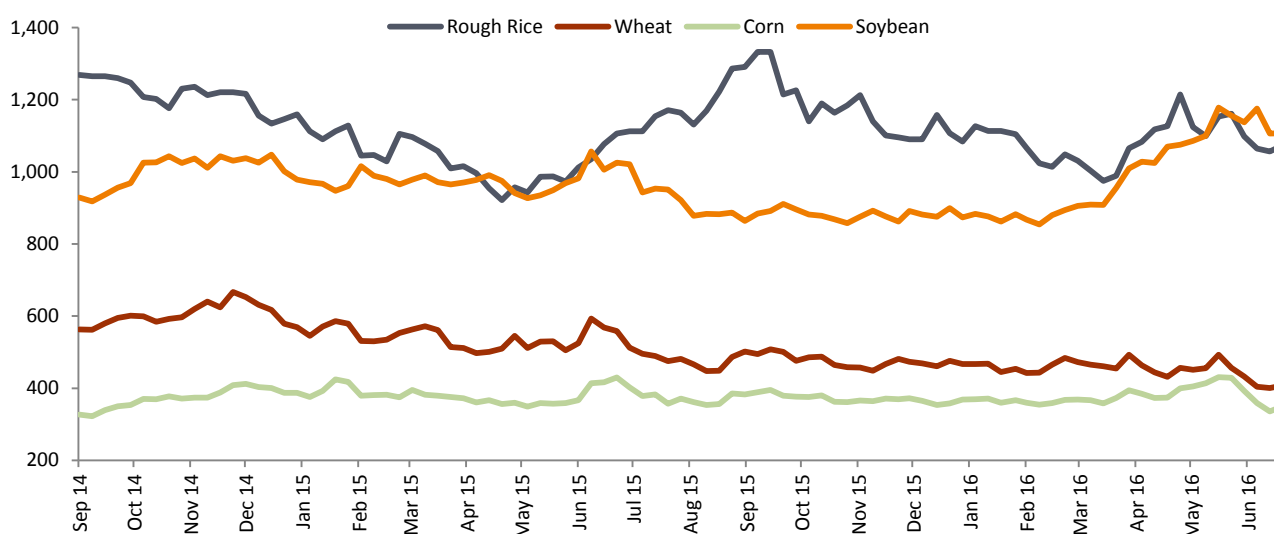
##### CROP FUTURES

CME CROP PRICES (cents/bushel)					
Product	Q3 2016	Weekly Change	Q4 2016	Q1 2017	July 2015
Corn	365.6	+24.2	362.0	369.6	429.4
Wheat	407.6	-7.0	422.4	448.2	559.0
Soybean	1,128.0	+26.6	1,112.6	1,104.0	1,016.2
Rough Rice	1,048.5	-10.5	1,068.0	1,120.5	1,106.0

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

<b>CORN:</b>	<b>WHEAT:</b>
Corn futures continued to climb on fears that looming hot weather in the US – expected when corn is at the filling stage , especially bad for yields – will damage the crop.	Wheat continued on its downward trend however rallied over the last few days due to increased purchasing interest from the US livestock sector looking for cheap feed supplies.
<b>SOYBEAN:</b>	<b>RICE:</b>
Soybean futures finished higher on similar weather threats to corn. The market also drew strength from the USDA pegging US stockpiles at a smaller amount than expected.	Rice futures continued to reverse many of its recent gains and are now more than \$0.50 cheaper than a year ago, owing to ongoing burgeoning supplies in Asia.

## WEEKLY CBOT CROP PRICES (¢/BU)



## WASDE

**WHEAT:** World wheat use for 2016/2017 was raised by 13.3 million t to 729.3 million, primarily on increased feed use, particularly in China and the EU, both up by 5.5 million t and 1.5 million t, respectively. In the US feed and residual wheat use for 2016/17 was also raised by 100 million bushels to 300 million according to the monthly supply and demand report.

Elevated wheat stocks are the main catalyst for this with US supplies for 2016/17 projected to rise by 180 million bushels in this month's report with ending stocks of 253.70 million t being at their the highest since 1988/1989. Globally, wheat stocks are also seen increasing by 9.2 million t to 983.0 million t while total production is now projected at a record 738.5 million t; a 2.7 million t increase led by 1 million t increases for both Russia and Ukraine on favourable weather, said the report.

Production for Argentina, Australia, and Canada were also each raised by 500,000 t. However, these increases were partially offset by a 1 million t decrease for the EU on heavy rain in France and a 700,000 decrease for Algeria on a worse-than-expected impact from drought..

Meanwhile, global 2016/17 exports were increased by 2.8 million t on larger supplies and strong demand led by a 1 million t increase for Ukraine and 500,000 t each for Argentina, Australia, Canada, Russia, and Turkey. US exports were also raised to 25.17 million t; a 3 year high. The increases were partly offset by a 1.5 million t reduction for EU exports, NASS explained, on a smaller crop and as well as increased domestic feed use.

**CORN:** Larger global supplies of feed-quality wheat are expected to undercut corn in price sensitive markets in the EU and Asia, outlined the report. Global 2016/17 corn ending stocks are projected 3.3 million t higher mostly on a 2.1 million t increase for China. Outside of China, corn stocks are 1.2 million t higher with larger stocks for the US and Indonesia more than offsetting reductions for Brazil, Japan, and Canada. US production for 2016/17 is projected higher at 369.33 million t, reflecting the increased planted and harvested areas from its June 30 acreage report. The report also outlined that Brazilian production for 2016/17 had been reduced by 2 million t based on lowered yield expectations. Its corn output for 2015/16 was also lowered by 7.5 million t

reflecting the latest government statistics which confirm the adverse impact of this year's early end to the rainy season in much of central Brazil.

Meanwhile, Canadian corn production for 2016/17 was also decreased by 1.3 million t based on lower yield prospects following one of the driest Junes in over 30 years experienced in Ontario.

## REGIONAL MARKETS

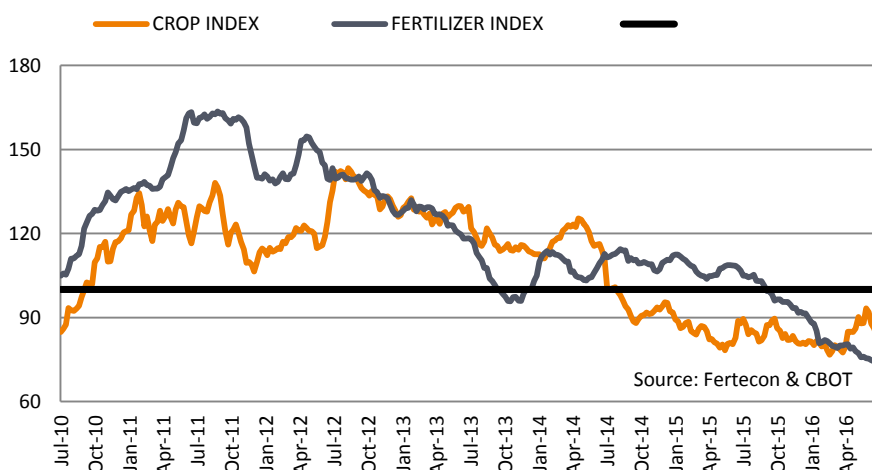
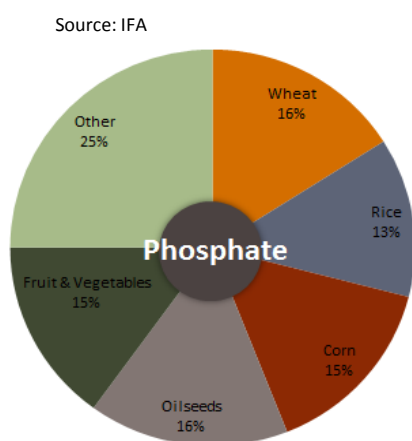
**EUROPE:** Concerns are growing over the condition of the wheat and barley crops in leading EU producers France and Germany.

Following weeks of wet weather, particularly in northern parts of the country, FranceAgriMer reported that the winter barley harvest is just 16% complete as of 4 July, compared with 73% at the same point last year, and the proportion of the crop rated 'good/excellent' is at 53% compared with 86% in 2015. For soft wheat, the good/excellent figure fell by 6 points week on week to 59%, compared with a figure of 75% a year before.

The potential damage to the French soft wheat crop caused by the spread of fusarium, a fungus that can reduced yields, was also flagged in a report by the ODA Groupe in a report this week. Repeated rains in Germany are also threatening to lower yields for wheat there. The Association of German farmers this week predicted output would fall by 4.4% compared with last year to 25 million t.

## PHOSPHATE 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.

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