

9 June 2016

- Adnoc/UAE announces June lifting price at \$86 fob Ruwais, up \$1/t on May
- FACT/India issues tender for 15-25,000 t sulphur, closing 13 June
- Meranol/Argentina in the market for 15-20,000 t sulphur, tender closing on 17 June
- Kashagan field could start pumping oil as early as November according to company statement
- Turkish buyers covered for June, Tupras announces June lifting price at TRY 190, down TRY5/t
- Brazilian imports increase substantially in May

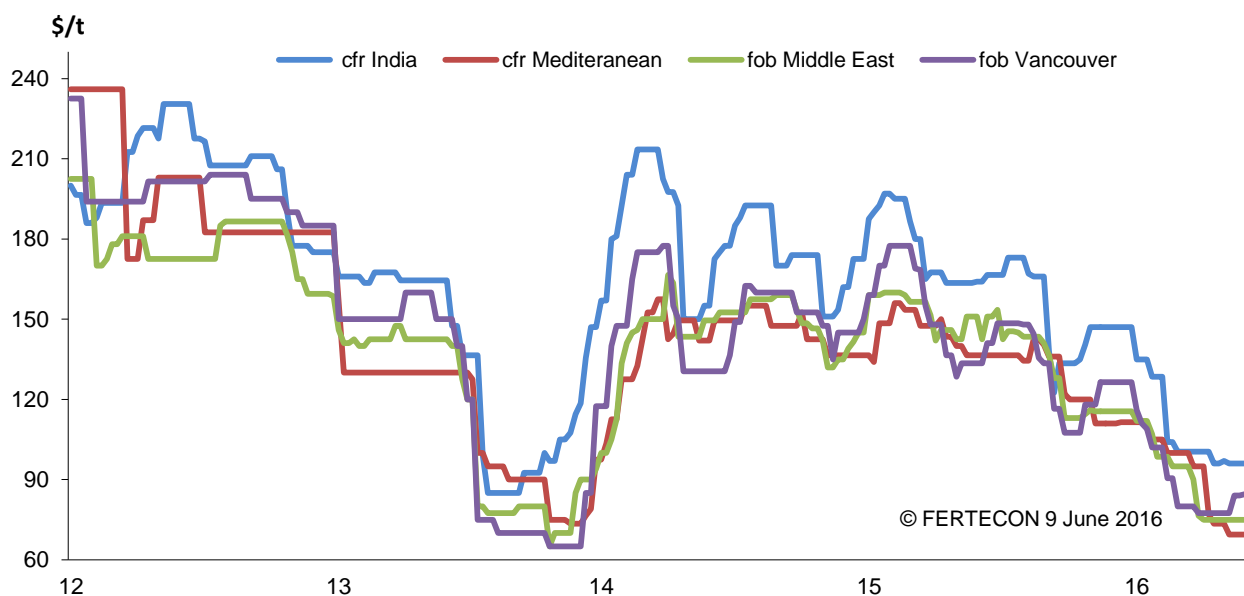
OUTLOOK

Stable

KEY PRICES

	9 June	2 June	26 May
Vancouver spot \$/fob	80-89	80-89	80-88
Middle East \$/fob	65-86	65-85	65-85
Med (inc. N.Africa) \$/cfr	60-79	60-79	60-79
North Africa cfr (contract) \$/cfr	60-79	60-79	60-79
Central Florida (liquid, LT) \$/deliv	70	70	70

SOLID SULPHUR PRICES



SULPHUR PRICE INDICATIONS ALL PRICES IN US\$

	9 June	2 June	26 May	
Fob prices				
Med cfr (includes N Africa)	60-79	60-79	60-79	
Med cfr (small lots N Africa)	71-75	71-75	71-75	Egypt Sales
Med cfr (small lots other markets)	66-75	66-75	66-75	Indicative
North Africa cfr (contract)	60-79	60-79	60-79	Q2 contracts so far
Med fob (small lots other markets)	55-65	55-65	55-65	
China cfr	72-95	72-95	72-95	
China cfr spot	72-95	72-95	72-95	
India cfr	93-99	93-99	93-99	
Brazil cfr	79-87	79-87	80-92	Q2 contracts
Vancouver fob contract	80-89	80-89	80-88	Indicative
Vancouver fob spot	80-89	80-89	80-88	Indicative
California fob	80-85	80-85	77-80	Indicative
Middle East fob	65-86	65-85	65-85	Full ME price range
Middle East fob contract	65-79	65-79	65-79	Q2 business
Middle East fob spot	82-83	82-83	69-82	Aramco/Tasweeq
Tasweeq Qatar Sulphur Price (fob)	83	83	79	
Saudi Aramco monthly price (fob)	82	82	80	
Middle East – Adnoc (fob)	86	85	85	May
Delivered prices				
NW Europe cpt	150-168	150-168	150-168	Q2 contracts
Delivered Benelux (refinery)	110-122	110-122	110-122	Q2 contracts
Tampa/Deliv.Cent.Fla (LT)	70	70	70	Q2 contracts
Cfr Houston (LT)	63	63	63	Q2 contracts
Galveston (LT) ex-tank	63	63	63	Q2 contracts

FERTECON PRICE DEFINITION

*revised **no market - Prices in *italics* relate to previous period contracts still under negotiation

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

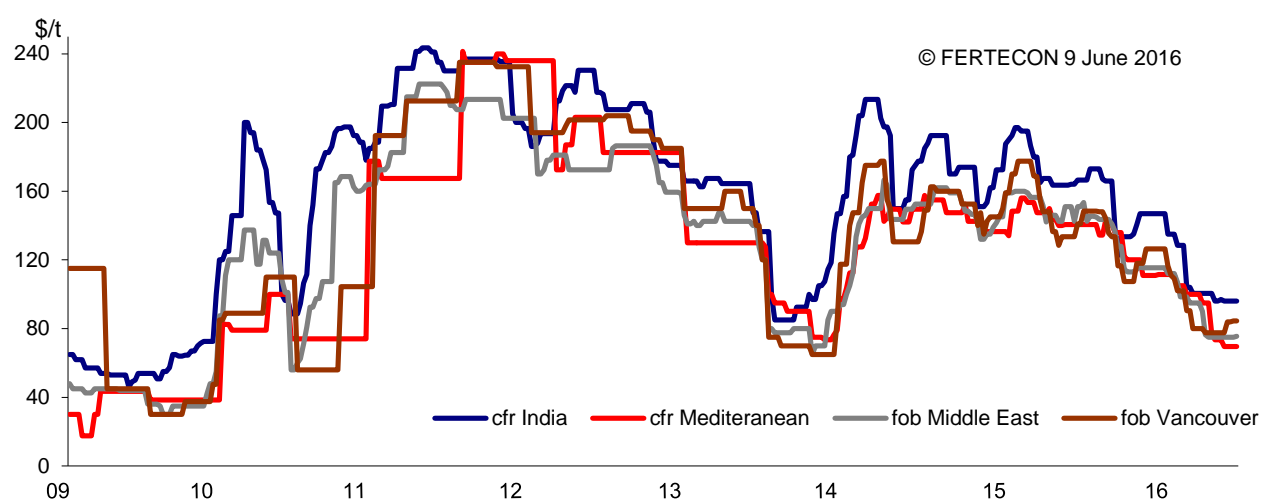
FREIGHT INDICATIONS US\$

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

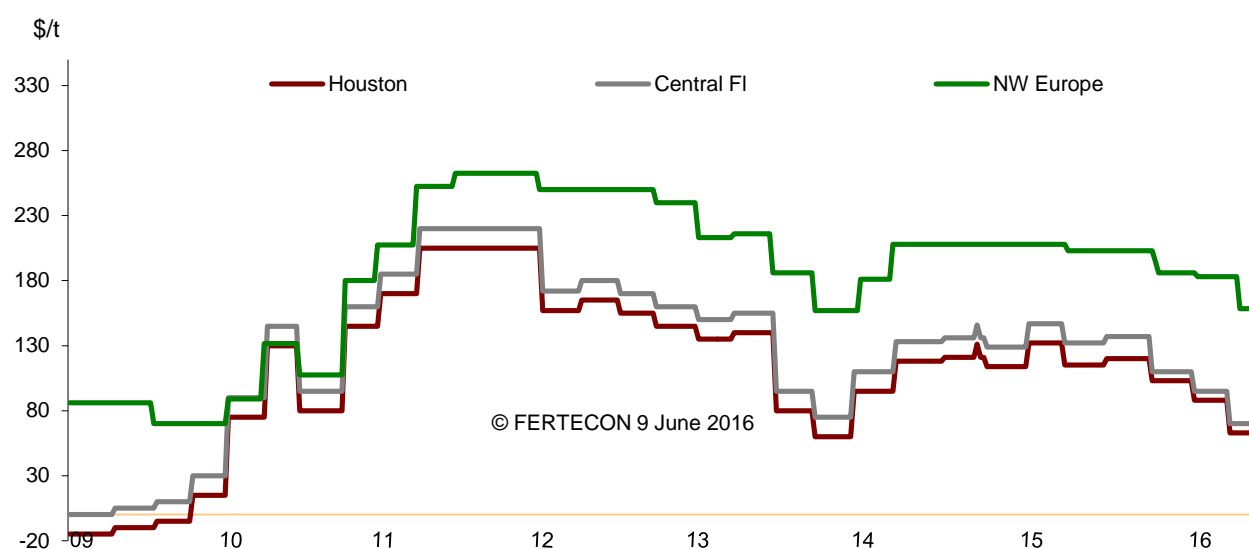
FERTECON TENDER SERVICE

Holder/Country	'000 t	Close	Load/Deliv.	Notes
Tasweeq/Qatar*	30	25 June	July	
Meranol/Argentina	15-20	17 June	July	
FACT/India	15-25	13 June	July	
*sales tender				

SOLID SULPHUR PRICES



LIQUID SULPHUR PRICES



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

ANALYSIS

The international sulphur market appears to be settling into a steady pace with hardly any spot trades reported in recent weeks. Chinese players have been off celebrating the Duan-Wu national holiday and the European market participants are at the European Sulphuric Acid Association's event in Poland.

The only real activity that has taken place was in India this week where FACT issued a tender, the first in many weeks and Tasweeq in Qatar has also issued its regular monthly tender to test the market.

The Mediterranean appears to be flat with hardly any demand and traders might again look to sell outside of the Med, such as to Senegal or Argentina if consumption does not pick up.

With more investment in railway projects in central Asia and China it is hoped that Turkmen and Uzbek sulphur could be exported to China by railway, cutting lead times - although freight costs will probably still be high. China's One Belt, One Road policy has encouraged new investment in rail and road projects in Central Asia and China and this has enabled a number of countries in the region to improve their land and port infrastructure. Among them are Turkmenistan, Iran and Uzbekistan, all of which are investing in rail projects that will connect them to ports and manufacturing hubs in China and Europe. One such project, the Uzbekistan-Turkmenistan-Iran line is already in place, commissioned in 2014.

The next leg of the project is to build the China-Kyrgyzstan-Uzbekistan line, which will create a fast and direct connection between Iran and China. While a railway line already exists between Iran and China, the new lines would further cut lead times. As part of the One Belt policy and the new "Silk Road" project, the first freight train arrived in Tehran in mid-February from China's eastern Zhejiang province, making the journey through Kazakhstan and Turkmenistan in 14 days — compared with around 45 days by sea. A rail journey from China to Europe currently takes 13-16 days, compared with a month or more by sea. Given that Uzbekistan, Turkmenistan and Kazakhstan are all major sulphur producers, it is likely that some new trade routes will develop along these lines – freight rates permitting.

The longest Ramadan in 33 years has begun this week and although this should not have any material impact on sulphur trade, it may delay Q3 contract negotiations as has happened in the past.

MARKETS

EUROPE

SPAIN/UK: The Ineos Runcorn plant has now started-up and is running at full capacity following a planned maintenance shutdown and a ramp up period.

The Ineos sulphur burner in Bilbao is believed to have shut down today for a three week planned turnaround.

TURKEY: Demand is subdued as Toros requires no additional sulphur in June as its stocks are high and Bagfas is looking to buy sulphur from the domestic market during the second half of the month.

The monthly lifting price by Tupras is TRY 190, down from TRY 195 in May.

AFRICA

EGYPT: Two new sulphuric acid lines are to be constructed in Egypt as part of NCIC's phosphate project at Ain Sohka in the Gulf of Suez in the northeastern part of the country. The complex will include production facilities for sulphuric acid as well as DAP and TSP. Outotec and Intecsa Industrial have been awarded contracts for the design and development of the sulphuric acid unit. The whole complex will be the largest fertilizer plant in Egypt.

COPPER BELT: The DRC's copper production fell by 20% year on year in Q1 this year according to the country's central bank. Total production was 219,009 tonnes copper in Q1, down from 274,000 t in the same period 2015.

MADAGASCAR: The *Anarita* is expected to deliver 45,000 t sulphur in Toamasina on 11 June from Saudi Arabia and not Qatar as reported in yesterday's supplement.

MOROCCO: The JPH-2 complex is being commissioned now with production due to be ramped up through Q3. It is too early to tell as yet whether there will be some sulphuric acid surplus to requirements while the phosacid unit is being ramped up but given

OCP's continued thirst for acid, certainly there is little likelihood of surplus sulphuric acid in the near term. OCP's current sulphuric acid requirement is 50-100,000 t per month but the overall quantity depends on the level of NPKs produced, specifically 15-15-15 containing up to 13 S and for which sulphuric acid is used.

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

Origin	Destination	Vessel name	'000 t	ETA
UAE, Ruwais	Morocco, Jorf Lasfar	<i>Genco Acquitane</i>	50	1 June
US	Jorf Lasfar	<i>Sea Pioneer</i>	30	4 June
Germany	Jorf Lasfar	<i>Verila</i>	19	7 June
Russia,	Safi	<i>Crested Eagle</i>	40	7 June
Poland	Safi	<i>Mamry</i>	20	12 June
UAE, Ruwais	Morocco, Jorf Lasfar	<i>Genco Loire</i>	45	18 June
Total			204	

TUNISIA: As part of a project to reduce pollution from the phosphoric acid plant in Gabes, an agreement has been signed between GCT and DuPont MECS Group to convert the 2nd sulphuric acid unit from simple to double absorption with energy recovery through the Heat Recovery System. The work will reduce sulphur dioxide emissions by 85% while producing an additional 32 t of steam per hour. According to the TAP news agency, the European Investment Bank has pledged €19 million to GCT to enable the company to complete an environmental upgrade of its facilities in Gafsa, primarily La Skhira and M'dhilla, and Gabes.

The *Foxtrot* is expected to deliver about 31,000 t sulphur in Sfax this week from Kavkaz, Russia.

MIDDLE EAST

IRAN: Urmia Petrochemical Plant in NW Iran has commissioned a new sulphuric acid plant with a capacity for around 50,000 t per year. Half of the production will be used internally by Urmia Petchem for AS production and the rest sold to third parties in the local region and Turkey.

ASIA

CHINA: Chinese inventories have now crept up above 1.7 million t, and it has been suggested that local speculator traders have now begun to liquidate stocks to lock in profit. As such, latest prices for domestic stock have fallen by Rmb 10-30/t to Rmb 710-735/t. Freight costs have gone up from the Middle East to China with latest indications at \$12-13/t.

In Shandong and Jiangsu areas, some local NPK producers have shut down their plants for annual maintenance so the consumption of sulphur and sulphuric acid has dropped to a very low level.

Near the river ports the phosphate producers have kept their production rate around 60-65%. In the southwest area, Kailin will start-up the first its two 600,000 t DAP plants scheduled to come onstream this year. The second is expected to be commissioned at the end of the year.

The following vessels have been identified as shipping sulphur to China from various origins:

Origin	Destination	Vessel name	'000 t	ETA
UAE, Ruwais	China, Zhenjiang	<i>Loyalty</i>	29	1 June
UAE, Ruwais	China, Nantong	<i>Ras Ghumays-I</i>	33	3 June
Qatar	Fangcheng	<i>Spar Mira</i>	38	26 May
Saudi Arabia, Jubail	Nantong	<i>Glovis Magellan</i>	35	3 June
Kuwait, Shuaiba	Nantong	<i>Pretty Keel</i>	27	9 June
Qatar	Nantong	<i>Team Hope</i>	35	9 June
Saudi Arabia, Jubail	Nantong	<i>V Sanderling</i>	35	12 June
Saudi Arabia, Jubail	Nantong	<i>Thor Brave</i>	38	16 June
Saudi Arabia, Jubail	China	<i>Tasman Castle</i>	40	26 June
Qatar, Ras Laffan	China	<i>River Globe</i>	38	16 June
Total			348	

INDIA: FACT has issued a tender, closing on 13 June, for 15-25,000 t +/- 10% sulphur for 17-21 July arrival in Cochin.

IFFCO is due to receive the *Sea Meray* with around 20,000 t sulphur at Paradeep during 1st week of July under its long term contract with Swiss Singapore. The same vessel is expected to deliver sulphur to CIL under their earlier reported spot sale.

March imports were 143,129 t, a drop of 2% compared with the previous year but up from 113,000 t in 2014. The largest supplier was Qatar at 53,000 t (up 69%), followed by Saudi Arabia at 45,000 t (down 32%) and the UAE at 31,500 t (nil in 2015).

This brought Q1 imports to 369,915 t, a drop of 3% on the same period in 2015. The main suppliers were as follows:

India Sulphur Imports			
Q1			
	2014	2015	2016
Saudi Arabia	126,555	168,937	126,554
Qatar	99,658	103,430	108,527
United Arab Emirates	38,475	30,420	81,237
Bahrain	29,252	22,797	24,139
Japan	12,130	24,048	18,020
Others	91,723	32,840	11,438
Total	397,793	382,471	369,915

Source: GTIS / Ministry of Commerce

AUSTRALIA: According to Lloyds Intelligence there are two bulk vessels in the line up to deliver sulphur to Esperance from Qatar, just like in April this year, totalling about 70,000 t.

April imports were 150,867 t, up 2% on April 2015. About 80,000 t came from Canada and 70,000 t from Qatar. Imports from Qatar are normally around 35,000 t so in April a shipment may have slipped from March when FQM was carrying out a maintenance shutdown, hence the higher import total.

This brought January-April imports to 424,724 t, up 55% on 2015 and 2014. The main source continues to be Canada but Qatar has managed to take a quarter of imports away at 106,000 t between January-April. Source: Australian Bureau of Statistics

NORTH AMERICA

UNITED STATES: Imports in April were an estimated 140,000 t, most of it from Canada in liquid form, down from 194,000 t in the same month in 2015. The drop is believed to be due to the start-up of Mosaic's new remelter and about 60,000 t solid sulphur stocks believed to have been held by Mosaic which it needed to work down.

This brought January-April imports to an estimated 605,000 t, down from 727,000 t in the same period of 2015. Canada and Mexico remained the largest suppliers in liquid form in the observed period with no solid sulphur imports from either Kazakhstan or the UAE. Mosaic imported no tonnes from these latter countries because it had already high solid sulphur stocks and domestic and Canadian supply was sufficient in this period and continues to be so. Source: Fertecon / GTIS / U.S. Department of Commerce, Bureau of Census

SOUTH AMERICA

ARGENTINA: Meranol has issued a tender, closing 17 June for 15-20,000 t sulphur for July/August delivery.

BRAZIL: The *Oktem Aksoy* has sailed to Santos, Brazil from Ruwais, UAE at the end of May with about 39,000 t granular sulphur for Vale.

The *Caroline Bolten* is expected to deliver 15,000 t sulphur from Ust Luga, Russia to Fortaleza for Galvani on 20 June. The *Ibis Bulker* is in the line up to deliver about 32,000 t Qatari sulphur to Brazil on 25 June.

May imports were 202,287 t, an increase of 70% on May 2015. The jump in imports is most likely due to delays in shipments as a result of port maintenances in March that brought imports to nil in that month. In May Russia was the largest supplier at nearly 80,000 t, followed by the US at 44,000 t and Canada at 39,500 t.

This brought January-May imports to 726,000 t, a decline of 9% on the same period last year. The biggest increase compared with last year was from the US, up 25% but down compared with the volumes imported in 2014. Imports from Kazakhstan and Russia have more than halved at the expense of the UAE where imports doubled. Kuwait and Canada also contributed just under 40,000 t each this year, compared with no imports in 2015. Source: GTIS / SECEX – Foreign Trade Secretariat

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

Vessel	('000t)	Buyer	ETA
TBC	50	Vale	June
Boston Harmony	38.5	Vale	June
True Love	38.5	TBC	16/6
Albion Bay	38	Vale	19/6
Oktem Aksoy	39	Vale	26/6
Caroline Bolten	15	Galvani	25/6
Total	219		

SUPPLIERS

EUROPE

SPAIN: Repsol's 174,000 t/y sulphur capacity Cartagena refinery has now restarted after several weeks of planned maintenance shutdown.

FSU

KAZAKHSTAN: The General Director of the Caspian Pipeline Consortium (CPC), Nikolay Brunich, visited the Central Region of Kazakhstan on 30-31 May to inspect the construction progress of two pumping stations, PS-2 (in Kalmykia) and A-PS-4A (in the Astrakhan Region), being built under the present expansion project.

Mr. Brunich met with contractors to discuss and approve corrective steps to catch up on construction schedule delays. It was recommended that efforts be stepped up to accelerate the construction process so that the pump station could be mechanically-completed for oil-inflow in November 2016.

The CPC pipeline system is one of the largest investment projects in the energy industry with participation of foreign capital. This forms part of the wider Kashagan oil project which will be able to produce 1 million t/y sulphur at full capacity.

MIDDLE EAST

QATAR: Tasweeq has issued a tender, closing 25 June for 30,000 t granular sulphur to load in July.

UAE: Adnoc has announced its June lifting price for the Indian subcontinent at \$86 fob Ruwais, up \$1/t on May.

SHIPPING: The following shipments have sailed from various Middle East ports in recent weeks:

Origin	Destination	Vessel name	000 t	ETD
Qatar	Nantong	Team Hope	35	20 May
UAE, Ruwais	Indonesia	Rook	32	22 May
Saudi Arabia, Jubail	Nantong	V Sanderling	35	23 May
UAE, Ruwais	Brazil, Santos	Oktem Aksoy	38	24 May
UAE, Ruwais	Morocco, Jorf Lasfar	Genco Loire	45	26 May
Saudi Arabia, Jubail	Nantong	Thor Brave	38	26 May
Qatar	Zhenjiang	River Globe	35	27 May
Qatar	Brazil, Santos	Ibis Bulker	32	29 May
Saudi Arabia, Yanbu	Madagascar, Toamasina	Anarita	45	31 May
Qatar	Australia, Esperance	Loch Melfort	30	1 June
Qatar	Australia, Esperance	Kapetan Nondas	30	3 June
Saudi Arabia, Jubail	China	Tasman Castle	40	4 June
Total			435	

NORTH AMERICA

CANADA: April exports were down sharply at 332,000 t, a drop from 488,000 t in April 2015. In 2014 nearly 442,000 t were exported. The largest reduction was seen in exports to Australia, down from 107,000 t in April 2015 and 80,000 t in April 2014. The other main destinations were as follows:

Canada Sulphur Exports April			
	2014	2015	2016
China	99,000	136,000	114,775
Chile	0	50,000	50,000
United	155,000	140,000	140,000
Mexico	55,000	55,000	27,500
Others	147,504	107,755	0
World	456,504	488,755	332,275

This brought January-April exports to 1.54 million t, up from 1.39 million t in the same period last year. The largest increase was seen to China at 417,000, up from 164,000 t in 2015 and 196,000 t in 2015. Exports to the US were stable, almost no change on the previous two years. However, exports to Australia dropped by almost 40%, believed to be because FQM has switched some of its imports to Qatar from Canada.

The main destinations were as follows:

Canada Sulphur Exports January - April			
	2014	2015	2016
China	164,000	196,000	417,201
United States	344,419	338,553	325,595
Australia	285,540	287,940	173,934
Chile	56,900	50,000	105,000
Mexico	110,000	136,340	77,000
Israel	57,405	0	57,750
New Caledonia	0	29,650	50,000
Brazil	0	0	44,500
Morocco	0	0	37,758
Cuba	57,000	60,000	30,700
New Zealand	28,000	21,300	12,000
Others	116,533	0	20
Total	1,219,797	1,119,783	1,331,458

Source: GTIS / Statistics Canada

UNITED STATES: April exports were 165,319 t, up 17% on April 2015, dominated by Morocco (79,000 t) and Brazil at 78,000 t. This brought January-April exports to 695,096 t compared with 500,484 t in the previous year but down from 774,640 t in April 2014. The main destination continued to be Brazil at an average 250,000 t in the observed three year period, supplied from the US Gulf and California. Exports to Morocco (188,000 t) and China (91,102 t) have also increased by 140% and 240%, respectively. Source: Fertecon / GTIS / U.S. Department of Commerce, Bureau of Census

AGRICULTURE

WEATHER & LAND CONDITIONS

INDIA: The Indian government expects grain sowing to gain momentum in the coming days due to the onset of the monsoon, following a 7 day delay. The expectation is that this could lead to greater crop output in the 2016/2017 year than in previous two years, when drought hampered agricultural production. India's foodgrain production totalled approximately 252 million t in the 2015/2016 and 2014/2015 crop years. India's Meteorological Department (IMD) has projected an "above normal" rainfall this year.

CROP FUTURES

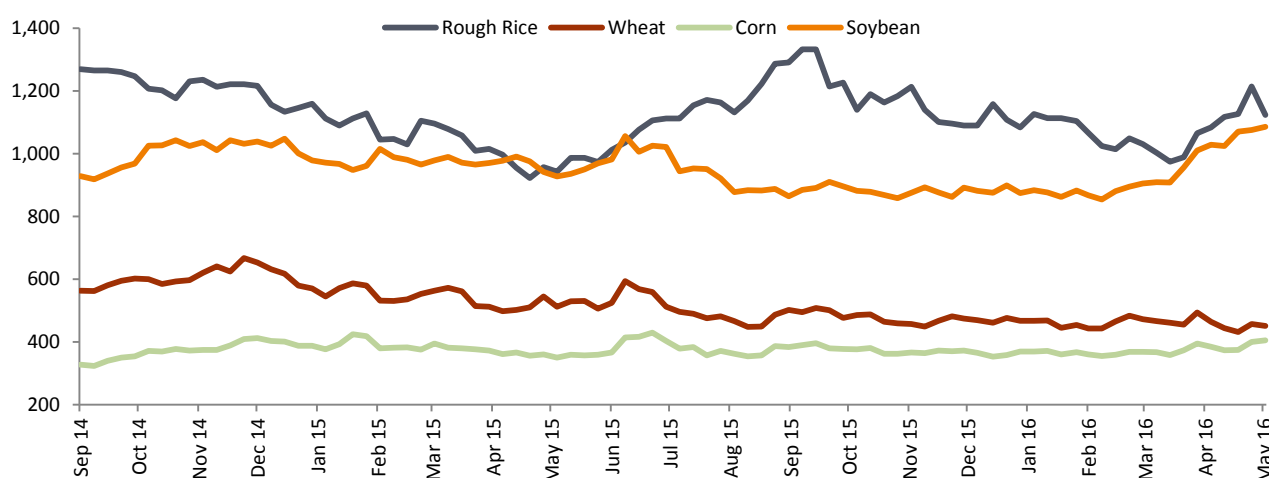
CME CROP PRICES (cents/bushel)					
Product	July 2016	Weekly Change	September 2016	December 2016	June 2015
Corn	431.2	+16.0	434.6	437.0	357.2
Wheat	492.6	+28.3	509.2	533.4	530.4

Soybean	1,177.6	+33.4	1,173.0	1,159.2	949.4
Rough Rice	1,153.0	+16.0	1,180.0	1,205.0	987.0

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

CORN: Stronger crude oil futures increase the likelihood that processors of ethanol, which is made from corn, will blend above mandated amounts – driving a 16 cent increase.	WHEAT: The pace of the US winter wheat harvest is behind the five-year-average, which is bearish for wheat. Rain and flooding in France, which puts the country's crop at risk, further propped up prices.
SOYBEAN: Prices have been supported by dryness in the US which could hurt crop development, as well as flooding in Argentina which is expected to increase demand for US soy.	RICE: International rice prices saw the largest month-on-month rise registered since February 2014, according to the Food and Agriculture Organization (FAO), driven by lower supplies.

WEEKLY CBOT CROP PRICES (¢/BU)



REGIONAL MARKETS

GLOBAL: The International Grains Council (IGC) has boosted its forecasts for both global wheat and corn production in the upcoming 2016/17 season. The council's latest projection for world total grains production in 2016/17 is now 10 million t higher month-on-month, at 2.015 billion t, an increase of 1% year-on-year and the second largest harvest on record.

The IGC projected world wheat production in 2016/17 at 722 million t, up from a previous forecast of 717 million but below the prior season's record 736 million. The upward revision was driven by improved outlooks in Russia, the US and France, more than offsetting deteriorating prospects in Morocco as its crop drops to a nine-year low.

World corn production in 2016/17 was seen at 1.003 billion t, up from a previous projection of 998 million and the prior season's 971 million. The revision reflected an increase in the IGC's crop forecast for the US to 355.3 million t, up from last month's projection of 350.2 million.

Meanwhile for soybeans, the IGC forecast world production in 2016/17 at 320 million t, up from a previous forecast of 319 million and the prior season's 314 million. Due to reduced outlooks for Argentina and Brazil, the IGC forecasts lower world soybean output in 2015/16 at 314 million, a drop of 6 million, year-on-year – although still 14% above the prior five-year average.

FRANCE: The condition of cereal crops in France mostly declined, farm office FranceAgriMer said on 3 June, signalling that heavy rain is affecting crops in the EU's largest grain producer. Some 81% of soft wheat was rated good or excellent as of Monday (May 30) against 83% a week earlier, FranceAgriMer said in a weekly crop progress report

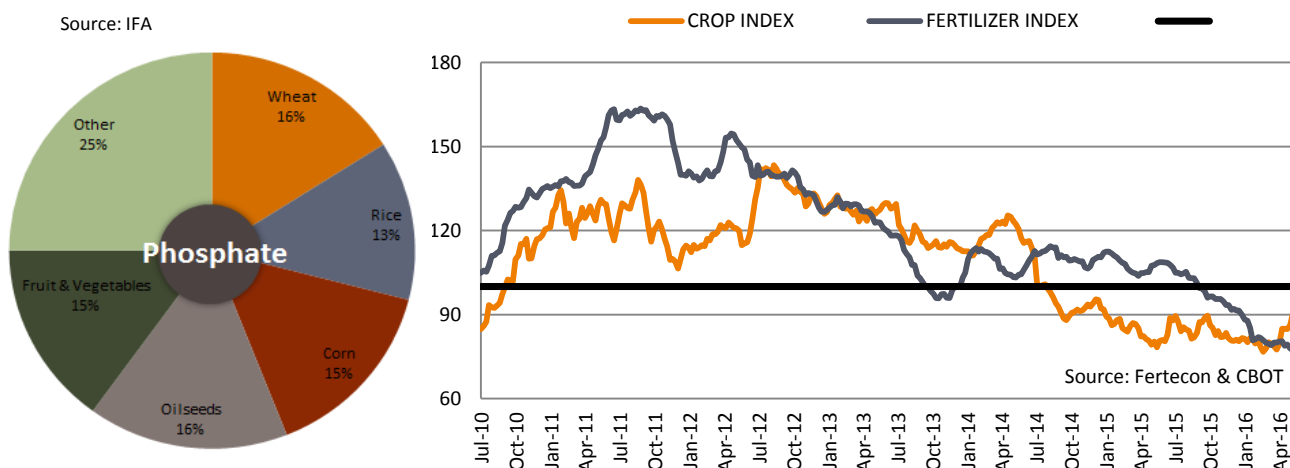
Winter barley was rated 78% good/excellent, down from 83% the previous week, although spring barley maintained a 93% score for third week in a row. The office estimated that 79% of grain corn crops were in good or excellent condition, down from 84% a week earlier.

ARGENTINA: Rains this week in Argentina's top agricultural province, which was previously unaffected by recent wet weather, may further damage the 2015/2016 soybean harvest, the Buenos Aires Grain Exchange said on 3 June. Currently the exchange is still keeping output forecasts for soy at 56 million t this season, after severe April rains left crops under water and sent prices climbing on shortage fears. Buenos Aires province, the country's top agricultural area, had escaped bad weather until this week when rains hit the southern part of the region, along with some parts of La Pampa province. Farmers have harvested 78.7% of 20.1 million hectares dedicated to soy, a 6.5% point increase over last week and a delay of 14.8 points compared to last year. Analysts say the country could export up to 25% less soy than last season.

This year's El Niño phenomenon, which causes global climate extremes, has worsened floods in some parts of South America, including Argentina. In other areas like Colombia it has brought drought.

PHOSPHATES 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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