

World sulphuric acid weekly

Fertilizer Prices | News | Analysis

- Europe & Asia contracts settle
- Bunge secures April tonnes
- Second India export cargo
- Brazil tenders open

Prices

KEY PRICES				
	25 January	18 January	11 January	Price Point Notes
US Gulf CFR	35-45	35-45	35-45	
Tampa CFR consumer (st)	30-40	30-40	30-40	
South US CFR consumer (st)	92-128	92-128	92-128	Q1 contract
NW Europe CFR consumer	€44-60/€44-65	€44-60/€45-65	€44-60/€45-65	Q4/H2 2016 contract
- above at prevailing \$ rate	\$47-64/\$47-70	\$49-67/\$50-72	\$49-67/\$50-72	Q4/H2 2016 contract
NW Europe FOB shiploads	5-15	5-15	5-15	
Mediterranean FOB shiploads	5-15	5-15	5-15	
Chile CFR Mejillones	27-33	27-33	27-33	2017 annual contract - down \$23-25/tonne
Chile CFR Mejillones (spot)	35-45	35-45	35-40	
Brazil CFR (spot)	40-50	40-50	40-50	
North Africa CFR (spot)	20-30	20-30	20-30	
South Korea/Japan FOB (spot)	-8-5	-8-5	-8-5	
China FOB (spot)	0-10	0-10	0-10	
S.E. Asia CFR (spot)	18-31	18-31	18-31	
India CFR (spot)	15-20	15-20	18-25	
N.E Asia CFR	8-25	8-30	8-30	Q1 contract
S.E Asia CFR	18-36	17-35	17-35	Q1 contract

Prices refer to most recently concluded contract, spot business or competitive offers. Prices are net of credit or other terms.

NOTE: for full details on the criteria ICIS pricing uses in making these price assessments, visit www.icis.com and click on "methodology".

Analysis

Brazil was active in the sulphuric acid market this week, with two purchase tenders currently outstanding.

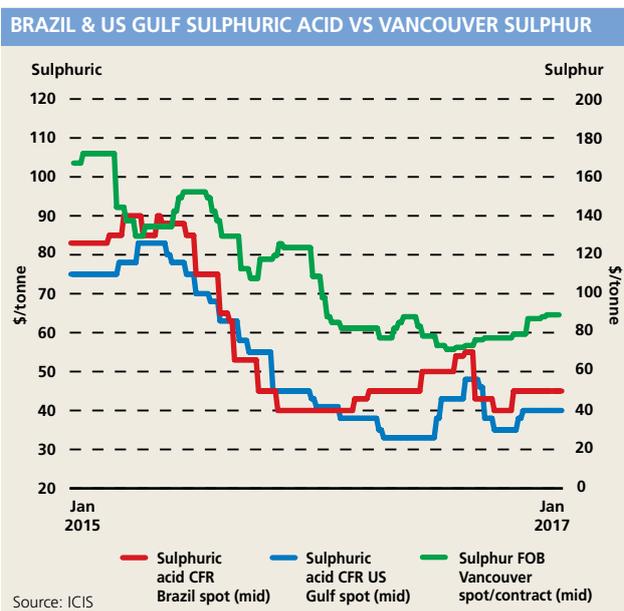
Bunge in Argentina is understood to have secured tonnes in its April arrival tender.

Asia was quieter, with Indian contract negotiations still outstanding. Meanwhile producer Hindalco will export a second cargo this month, with 10,000 tonnes headed for Egypt.

Contracts for Q1 and H1 2017 have settled in Europe and Asia with a mixture of rollovers and some divergence in Asia.

In the sulphur market, Iran's Raintrade announced a sales tender for 40,000 tonnes of granular sulphur from Razi Petrochemical for 8-14 February loading at BIK, closing 25 January.

In Qatar, Tasweeq is heard to have awarded its monthly sales tender for 35,000 tonnes of granular sulphur at \$88-89/tonne FOB Ras Laffan for first-half February loading. In Taiwan, Formosa is understood to have awarded a sales tender for 15,000 tonnes of solid sulphur for loading in Mailiao first-half February at \$94/tonne FOB.



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Markets

EUROPE

Participants reported varying price levels in their contract agreements, with a majority recording rollovers.

Buyers reported decreases of €1.50-2/tonne, producers mostly noted rollovers to slight decreases, while one stated it achieved some increases.

Q1 European sulphur contracts rolled over settling at \$90-100/tonne DEL (delivered) Benelux. The high end of the Europe sulphuric acid contract ranges remains unchanged as a result.

Sentiment was the market was in reasonable supply and demand balance, with the export tonnes lost to Cuba being offset by an increase in imports to Morocco.

In **northwest Europe**, prices on a FOB spot basis were unchanged with no results from the current tenders in Brazil.

In the **Mediterranean**, prices were unchanged amid limited business. Sulphur-burner material is limited to movements from Spain to Morocco, with little business seen from Italy.

In **Italy**, Solmine remains focussed on the domestic market, with sulphur-burned material uncompetitive for export. No further imports from northwest Europe were noted into Italy, although they have not been ruled out.

In **Spain**, shipping sources note Glencore in the freight market with an enquiry to move tonnes from its Aviles smelter in January to its newly constructed tanks in Savannah, US. The producer will load around 7,000 tonnes on the SicheM Ruby on 30 January for delivery within Spain.

Fewer exports are noted from Huelva/Atlantic Copper to OCP at present. However, no issues are heard at the smelter, with maintenance planned in May for 25 days.

AFRICA

In **Morocco**, vessel arrivals to OCP during January have reached an impressive 159,600 tonnes according to ICIS data. The volume is the single largest monthly import recorded for the phosphates producer.

The tonnes were drawn from a wide region, as far as Canada and India and include sulphur-burned tonnes.

Recent arrivals for OCP include:

- Houyoushi Park with 19,200 tonnes from Varna/Aurubis on 2 January
- CTG Bismuth with 22,000 tonnes from Hamburg/Aurubis on 7 January
- SicheM Lily with 7,600 tonnes from Bilbao/INEOS on 8 January
- SicheM Palace with 8,000 tonnes from Bilbao/INEOS on 16 January
- Chemroad Barcelona with 30,000 tonnes from Dahej/Hindalco on 17 January
- Fairchem Katana with 18,500 tonnes from Ronnskar/Boliden on 19 January
- Liesel Essberger with 7,600 tonnes from Nordenham/Glencore on 20 January
- MTM New Orleans with 27,300 tonnes from Pori/Boliden on 22 January

- MTM Princess with 19,300 tonnes from Belledune/Glencore on 22 January

January to December 2016 total: 1,381,332 tonnes. December: 105,400 tonnes. January arrivals are currently at 159,600 tonnes.

In **Egypt**, Abu Zaabal is understood to have purchased 10,000 tonnes of acid from Dahej/Hindalco. The Stolt Vestland will deliver the cargo to Adabiya in early February.

In **Namibia**, Rössing is heard to be looking for a fresh spot cargo, but limited details were heard. A spot cargo of 18,000 tonnes from Trammo via Varna/Aurubis to Walvis Bay/Rössing was recently concluded. No CFR price was heard for the cargo for end-January loading. Trammo also delivered a end-December laycan cargo to Rössing from Varna.

ASIA

Contracts for Q1 have settled, with some divergence in the market.

The northeast Asia high-end was steady to slightly lower, with some higher-priced customers receiving reductions owing to them trailing recent downward price movements.

In southeast Asia, prices firmed very slightly, tracking some improved balance in the region.

In **South Korea**, no further agreements are heard from sellers to India on contract tonnes, with sell-side targets still in the \$20s/tonne CFR and above.

Full year exports of sulphuric acid from South Korea fell 3.33% to 2,900,252 tonnes in 2016, compared to 3,000,199 tonnes in 2015, data from Korea Customs showed.

The 100,000 tonne reduction was attributed to planned and unplanned maintenance at LS-Nikko Copper and Korea Zinc's smelters.

SOUTH KOREA TOP 10 EXPORT REGIONS (TONNES) JAN-DEC			
Country (2016 % share)	2016	2015	2014
China (36%)	1,043,687	1,163,892	1,153,216
India (16%)	474,652	539,510	329,275
Thailand (14%)	412,487	360,894	297,738
Indonesia (10%)	299,496	103,375	150,804
Australia (5%)	152,730	171,259	142,306
Vietnam (5%)	142,902	115,328	103,750
Chile (4%)	123,634	249,703	241,138
Malaysia (2%)	64,447	64,179	125,655
Mexico (2%)	62,883	97,705	87,997
Philippines (2%)	50,179	68,494	133,522
January-December	2,900,152	3,000,199	2,919,656
World total (December)	252,047	284,583	255,441

Source: Korea Customs and Trade Development Institution

In **Japan**, a cargo is understood to be sold to Fertinal/Mexico for February arrival, but few details were available.

In **China**, domestic prices in eastern China prices were at CNY 220-350/tonne EX-W. In southern China prices were at CNY 200-300/tonne EX-W.

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P2 » MARKETS (continued)

Average operating rates for diammonium phosphate (DAP) plants were steady at 50% of capacity, while monoammonium phosphate (MAP) capacity was also at 50%.

Chinese imports of sulphuric acid increased 22% in 2016 to 1,433,202 tonnes. The major change was a 5% decrease in Korean tonnes, while Japanese tonnes surged to 210,101 during the year, up from 26,478 in 2016. Arrivals from the Philippines were also up, at 24,969 tonnes from 15,521 the previous year.

CHINA TOP FIVE IMPORT REGIONS (TONNES) DECEMBER

Country (2016 % share)	2016	2015	2014
South Korea (72%)	83,498	112,838	119,943
Japan (17%)	19,756	1	14,593
Philippines (8%)	9,998	0	0
Taiwan (2%)	2,177	1,835	792
North Korea (<1%)	785	560	820
World total	116,216	115,359	136,184
YTD (January-December)	1,433,202	1,170,559	1,404,984

Source: China Customs

In **Australia**, the Golden Unity delivered a small cargo of Korean acid to Mackay. It will also deliver acid to Bluff/Ballance on 28 January.

IPL is currently receiving a domestic cargo from Risdon on the Doris Ruby in Brisbane.

In the **Philippines**, the Coral Bay and Tagantio nickel mines are said to be running well, consuming 4000-4500 tonnes/day of acid, estimated to be slightly under full production.

The **AMI** will load up to 19,000 tonnes at Isabel/PASAR on 22 January. The **Medkem Two** loaded around 13,000 tonnes on 14 January and is delivering to Kemaman/Tioxide. The **Lime Galaxy** loaded 19,000 tonnes on 6 January and is delivering to Map Ta Phut, Thailand. The **Bunga Lotus** loaded 19,000 tonnes on 4 January and is sailing to China. The **Songa Winds** loaded 19,000 tonnes on 3 January and is delivering to Malaysia.

ICIS estimates loadings at Isabel/PASAR in December at 62,000 tonnes.

In **India**, a second export cargo is understood to have sold from Dahej/Hindalco, with the buyer understood to be Abu Zaabal in Egypt. Price

FREIGHT RATE INDICATIONS

		\$/tonne	tonnes ('000)
NW Europe	US Gulf	26-38	15-20
NW Europe	North Africa	15-25	15-20
NW Europe	Brazil	30-40	15-20
NW Europe	Chile	55-65	15-20
S Korea/Japan	Chile	50-55	18-25
S Korea/Japan	US Gulf	50-60	18-25
S Korea	China	15-18	15-20
SE Asia	India	21-28	10-20
NE Asia	India	25-29	18-20
Philippines	Indonesia	15-18	18-20

indications were limited, but some suggested it could be on par with current import price levels.

No new contract deals are heard, with some time remaining before the end of 2016 contracts for a number of suppliers. Korea, a main supplier is understood to be still targeting a price in the \$20s/tonne CFR and above range.

Buyer price targets are heard at single-digit CFR levels, but sellers are unwilling to sell at these prices.

IFFCO is heard to have agreed its yearly contract with Mitsubishi/MMC for delivery of around 120,000 tonnes during the year around \$15/tonne CFR.

Meanwhile, IFFCO will conduct planned maintenance at its Paradip phosphates plant from 15 February for four weeks. The maintenance was bought forward from April, owing to poor downstream demand.

NORTH AMERICA

In **Canada**, Glencore/Norfalco is expected to load its second export cargo for the year from Belleduene with the **MTM Princess** due to load around 19,000 tonnes on 15 February. The vessel just discharged at similar volume to OCP Morocco in January.

The first of Glencore/Norfalco's first turnarounds is slated to begin before the end of the month.

SULPHURIC ACID SHIPMENTS

Buyer	Port	Seller or Producer	Origin	Tonnes '000	Spot or contract/ Freight	Vessel	Arrival
Mosaic	Paranagua, Brazil	Glencore	Aviles, Spain	11.5	\$ 35/t	Fairchem Charger	5 February
Yara	Rio Grande, Brazil	Trammo	Santa Rosalia, Mexico	19	S	SG Friendship	2 February
Fertinal	Lazaro Cardenas, Mexico	Korea Zinc	Onsan, South Korea	18.5	S	Fairchem Sabre	24 January
AMSA & BHP	Mejillones, Chile	LS-Nikko Copper	Onsan, South Korea	25	S	CS Onsan	18 January
Mosaic	Paranagua, Brazil	Chemtrade/Nyrstar	Antwerp, Belgium	11	\$ 35/t	Daive B	13 January
IFFCO	Paradip, India	Glencore	PASAR, Philippines	19	C	Bunga Lilac	6 January
IFFCO	Paradip, India	Glencore	PASAR, Philippines	20	C	Chembulk Barcelona	20 December
Pequiven	Puerto Cabello, Venezuela	Glencore	Aviles, Spain	8.4	\$ 38/t	Giovanni DP	16 December

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P3 » MARKETS (continued)

In the **US**, Glencore's tanks in Savannah, Georgia were expected to ramp up before the end of the month.

No new fixtures were noted for the east or Gulf coasts this week. Prices are assessed as steady.

LATIN AMERICA

In **Mexico**, Fertinal is understood to have secured a February arrival cargo from Japan. Sources were divided on the mode of delivery of the tonnes, with some expecting it to be on a combo vessel, while others say a tanker.

Camvora Resources' (previously Baja Mining) Boleo mine is undergoing planned maintenance this month. After it ramps back up, production of copper cathode is expected to be at 2,500 tonnes/month.

In **Argentina**, Bunge is heard to have awarded its purchase tender for 18,000 tonnes for April arrival at Ramallo & San Lorenzo at around \$50/tonne CFR. The awarded was linked to Glencore, but this could not be confirmed. The last three tenders were awarded to Marubeni for Spanish material in the \$40s/tonne CFR.

In **Brazil**, Timac is closing its tender for 18,000 tonnes for mid-March arrival at Rio Grande. However a price or a seller has not been heard yet.

Mosaic will close its purchase tender for 12,000 tonnes on 26 January for mid-March arrival to Paranagua.

In **Chile**, PPC's combo vessel the Koryu will arrive at Mejillones on 26 January. The cargo is understood to be split between AMSA and BPH.

A Korean cargo is heard to be currently on offer to Chile, with trader Tricon was linked to the tonnes. Sources were split on if a trade had occurred or if tonnes were still on offer. Offers from \$45-50/tonne CFR Mejillones were heard, but such levels remain unconfirmed and prices are steady this week.

Codelco's Chuquimata smelter was expected to complete its maintenance on 19 January. Its El Teniente smelter will undergo three weeks of maintenance from 7-31 March.

Related markets

PRICES IN MARKETS RELATED TO SULPHURIC ACID

	1 Year Ago	1 Month Ago	Current	Weekly Trend/Notes
Copper, cash buyer LME (\$/tonne)	4,500	5,485	5,878	Firmer
Nickel, cash buyer LME (\$/tonne)	8,540	10,970	9,760	Softer
Zinc, cash buyer LME (\$/tonne)	1,551	2,615	2,796	Softer
Crude Oil, WTI spot (\$/bbl)	31.51	52.52	52.72	Firmer
Natural Gas, Henry Hub (\$/MMBtu)	2.14	3.59	3.25	Firmer
DAP, FOB US Gulf export spot (\$/tonne)	375-380	315-320	238-330	Firmer
Sulphur, solid CFR China spot (\$/tonne)	110-118	95-103	93-100	Stable
Sulphur, solid FOB Middle East (\$/tonne)	110-122	88-93	88-92	Stable
Sulphur, solid FOB Vancouver (\$/tonne)	106-112	86-90	87-97	Stable
Sulphur, molten CFR Tampa (\$/LT)	95	69.55	75	Q1 contract

CRUDE

Oil futures rose slightly over the last week amid confidence output cuts will bolster prices. EIA weekly data indicated a build in US crude and gasoline stockpiles causing prices to fall. On Friday, oil futures rose supported by a weaker US dollar and optimism ahead of an OPEC compliance meeting on Sunday. Russian energy minister Alexander Novak at the start of the week said Russian oil companies were ahead of schedule on reduction targets.

SULPHUR

The sulphur market remained flat in terms of spot activity for major importer China, but benchmark spot prices held steady in the absence of any buying or selling interest, coupled with limited availability from the Middle East.

India was quiet, with only SPIC seen in the market purchasing a 20,000-tonne cargo at \$105/tonne CFR Tuticorin. Q1 contract price discussions concluded in Europe at a rollover from Q4 on the back of balanced market fundamentals.

Meanwhile, contract price discussions for Tunisia's GCT continued.

Morocco's OCP said it had settled all contracts in a \$65-85/tonne CFR price range, but a number of sellers said they were still negotiating with OCP. Brazil concluded some of its Q4 contract purchases in the low/mid-\$90s/tonne CFR, but some contracts are still being discussed.

PHOSPHATES

Chinese DAP prices are edging upwards, as most producers cut down production following the government's crackdown on environmental pollution. However, these prices are deemed artificial by many due to a lack of global demand and no business has been confirmed at these levels. Pakistani buyers are expected to return to the market soon following the reinstatement of the fertilizer subsidy following pressure from the industry, farmers and other political parties. West of Suez, the Tampa DAP price has strengthened this week on a Mosaic sale to Latin America.

AMMONIUM SULPHATE

International AS prices continued to be supported by the unabated strength of the global nitrates market and lack of AS availability from the Black Sea, the Baltic Sea, as well as Europe and the US. While there

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P4 » RELATED MARKETS (continued)

is no shortage of Chinese AS, prices were a touch higher, with sellers refusing to consider offers below \$115/tonne CFR. In the Black Sea, AS sellers were occupied with serving the domestic market resulting in a lack of export opportunities. Nonetheless, local sources pegged spot unchanged at \$140-145/tonne FOB.

CAPROLACTAM

In the European capro market, some early January contracts were agreed with a €200/tonne increase. Some producers are said to be rather aggressive with their pricing and are targeting increases close to €300/tonne, as they seek a much-needed margin recovery. Nevertheless, according to buyers, such a one-off increase looks unachievable in the European market, even if prices in Asia remain at a high level.

In the Asian capro market, demand remained healthy in the downstream sector. The average operating rate among key nylon producers was estimated at around 60% ahead of the Chinese New Year holidays, compared with the typical less-than-50% average operating rate in past years. Demand was also supported by the unusually strong buying interest.

TITANIUM DIOXIDE

European titanium dioxide (TiO₂) contract prices largely firmed in the first quarter, because of producers' underlying margin needs, amid higher upstream costs, along with reduced availability. US TiO₂ contract prices continued mostly unchanged from the previous week, when an early settlement was confirmed at less-than-proposed levels. Chinese export prices of TiO₂ were assessed as stable-to-firm, reflecting the bulk of buy-sell indications in a relatively slow-moving market.

COPPER

BHP Billiton announced on 24 January its 2H (fiscal year) operations levels for 2016. The company produced 712,000 tonnes of copper from July-December, down by 7% from the same time period in 2015. For the October – December quarter, 357,000 tonnes were produced. Of the total, 452,000 tonnes were produced in the two quarters at the Escondida mine. Lower volumes mined at Olympic Dam due to a state-wide power outage late in 2016 was among reasons cited for the drop. Full fiscal year guidance for copper production has dropped due to reduced volumes at Olympic Dam to 1.62m tonnes.

SMELTER TURNAROUNDS

Company	Location	Tonnes/year	Type	Timing
Minera y Metalurgica	Boleo, Mexico	Variable	Sulphur-burner	January
LS-Nikko Copper	Onsan II, South Korea	580,000	Cu	February
Codelco	El Teniente, Chile	1.4m	Cu	March 24 days
Rio Tinto Kennecott	Utah, United States	1m	Cu	May
Vale	Canada	1m	Ni	Q2
Glencore (Horne, Sudbury, CEZ, Brunswick)	Canada	1.8m	Cu, Ni, Zn	H1 2017



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