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Sulphur supply and demand outlook

Fertilizer Technology and Outlook Conference, Hyatt Regency, Jacksonville, Florida, USA

Claire Lloyd, Sulphur Editor
14 November 2018

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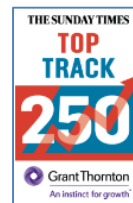
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The Argus view

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Agenda

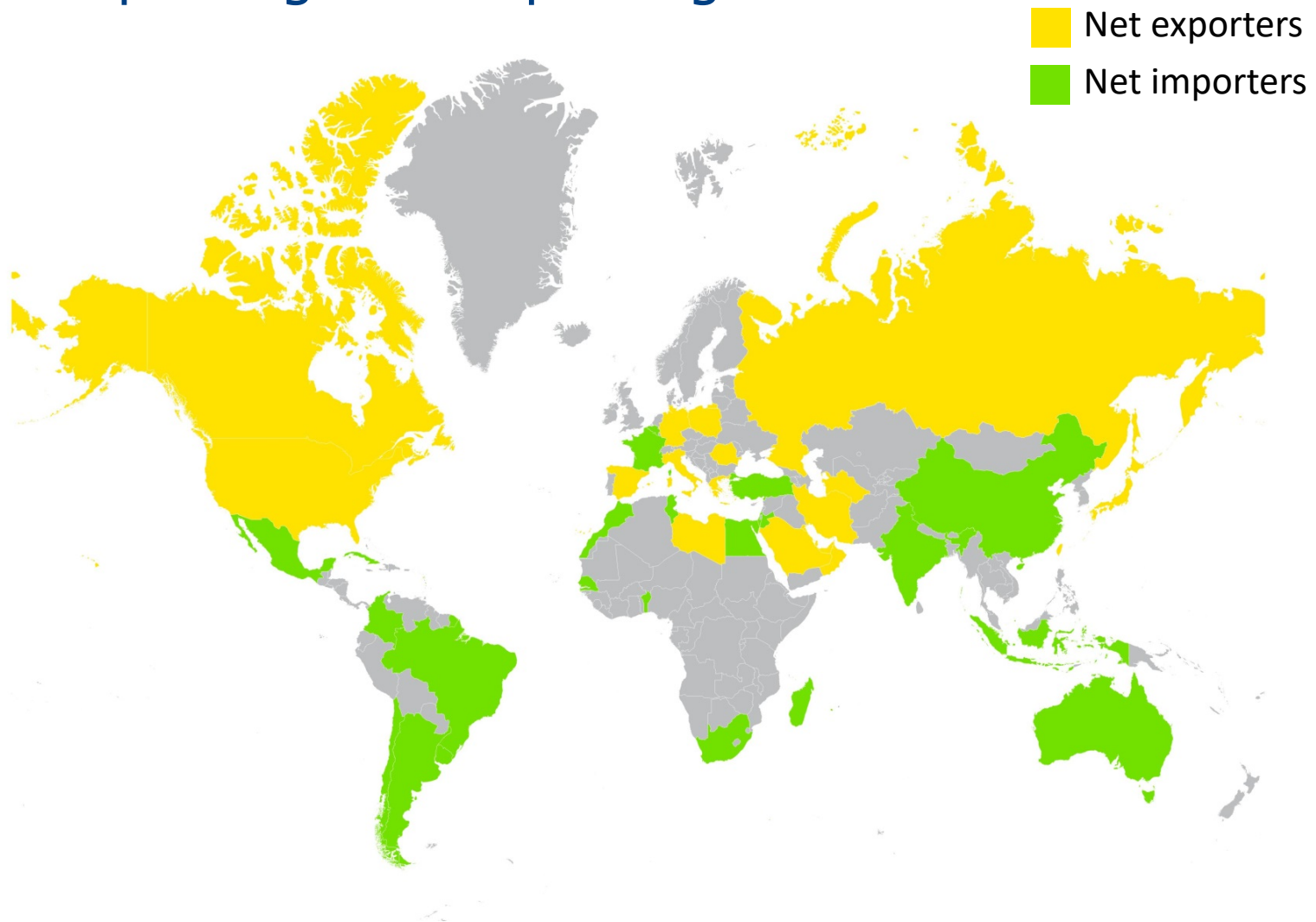
- Supply and demand overview
- 2018, another unexpected year
- Near term production and demand
- Regional focus
- Beyond 2019
- Key takeaways

Supply and demand overview

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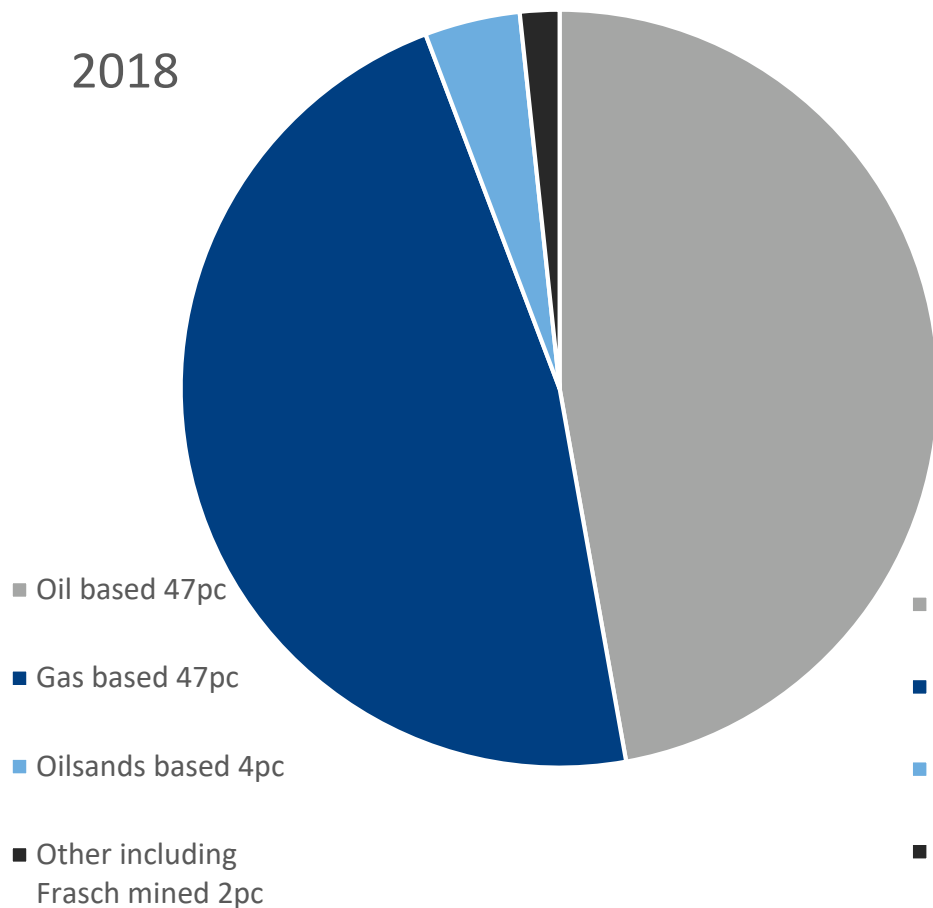
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Net importing and exporting countries

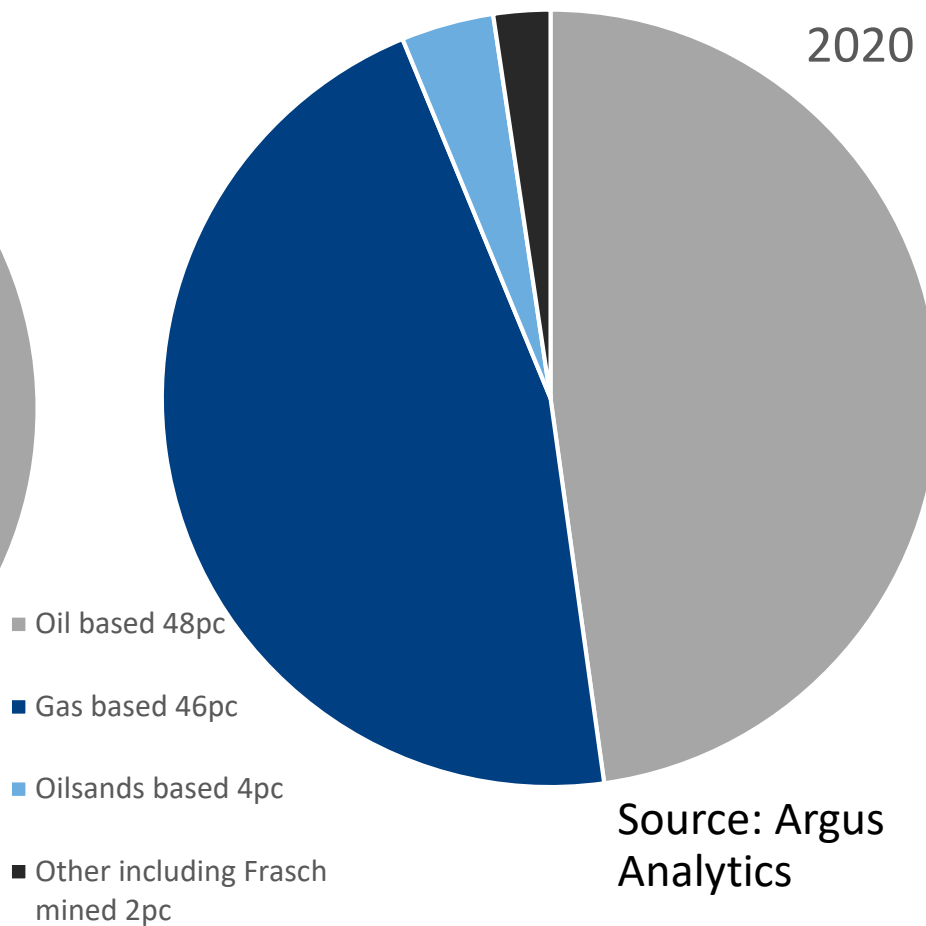


Elemental sulphur production

2018



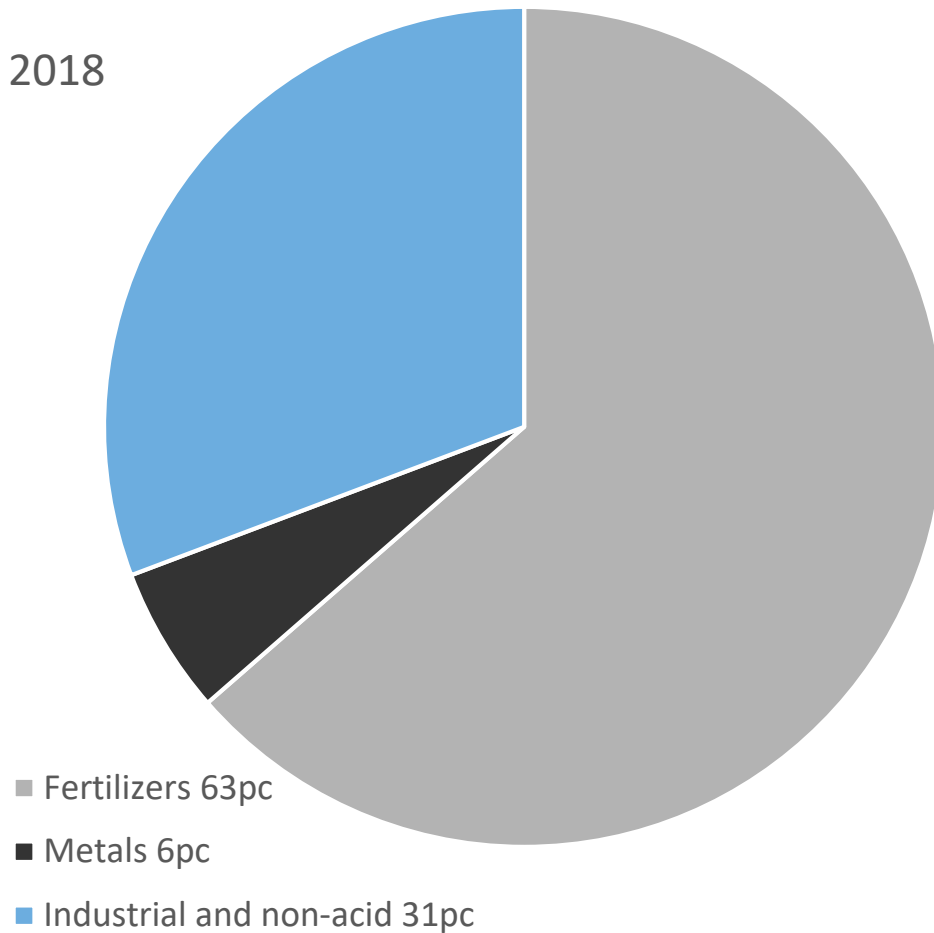
2020



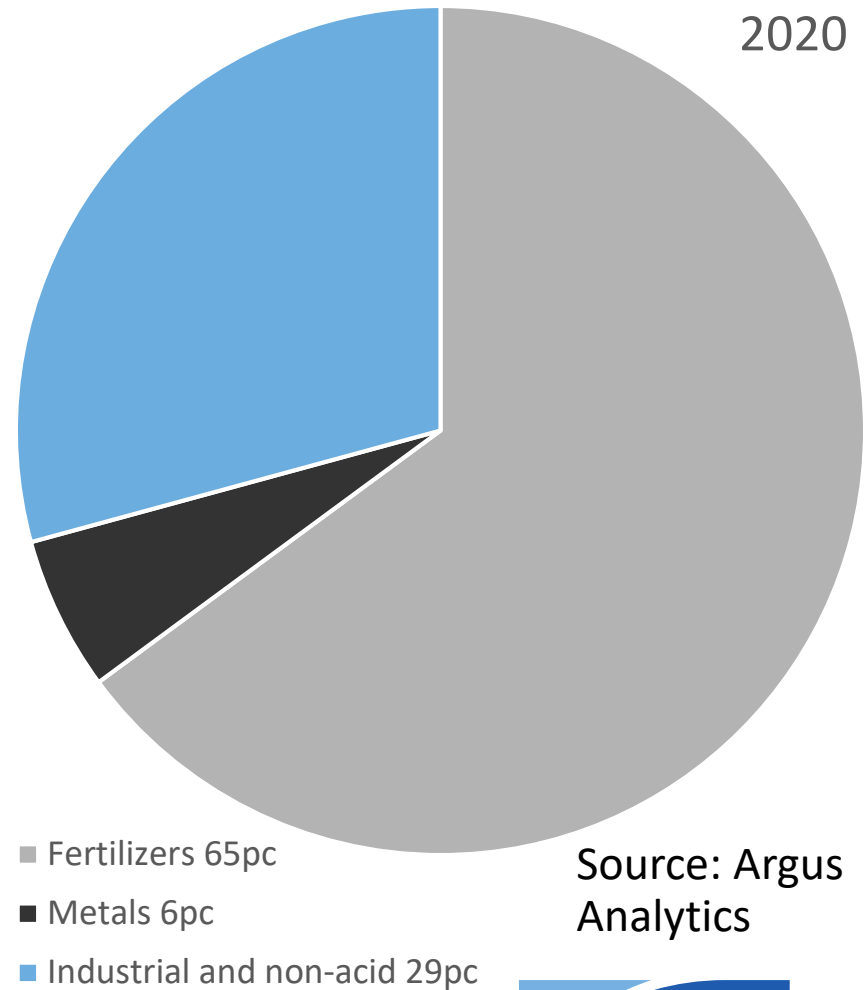
Source: Argus Analytics

Sulphur consumption

2018



2020

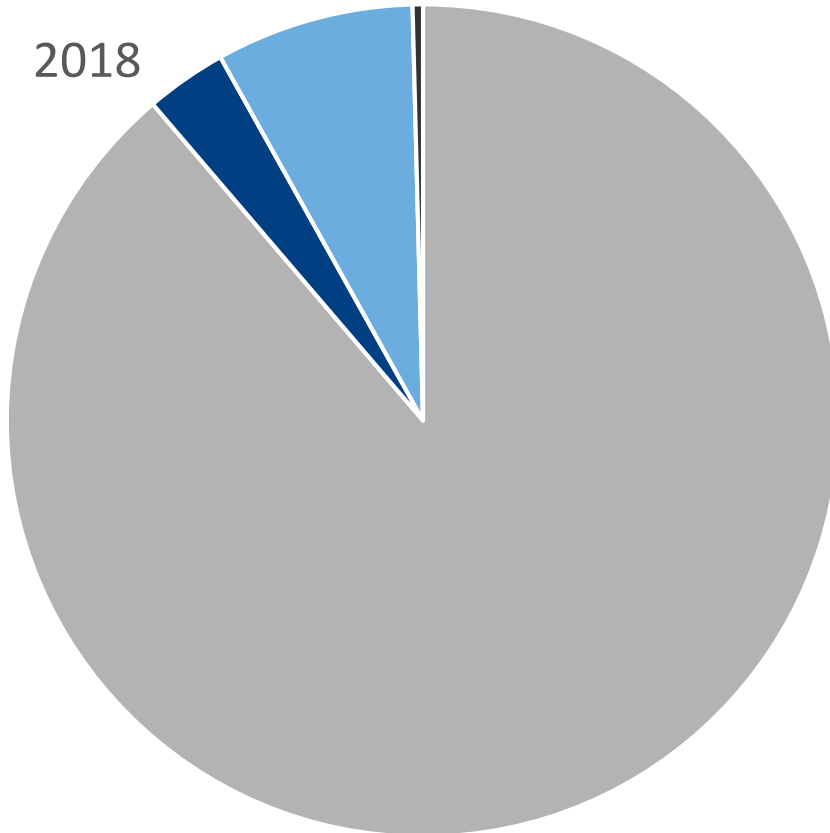


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Sulphur consumption for fertilizers

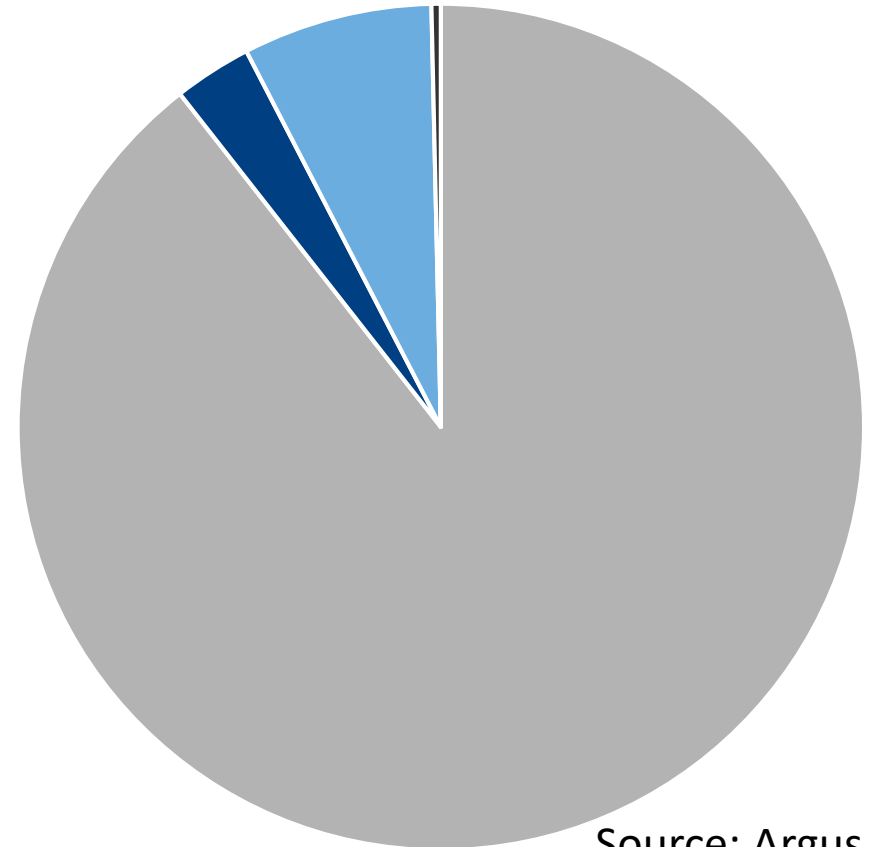
■ Phosacid 89pc ■ SSP 3pc ■ Amsul 7pc ■ SOP <1pc

2018



■ Phosacid 89pc ■ SSP 3pc ■ Amsul 7pc ■ SOP <1pc

2020



Source: Argus Analytics

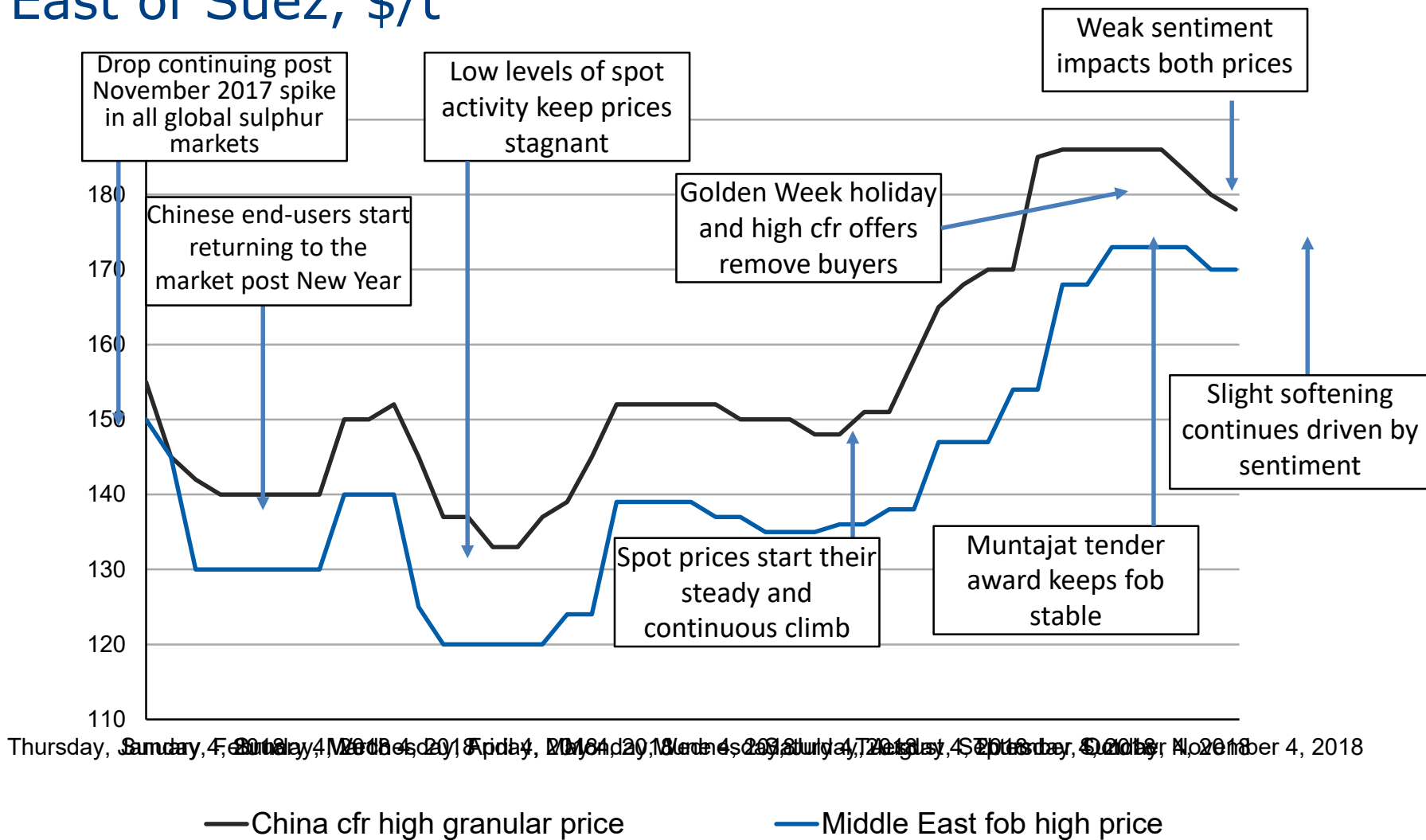
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Another unexpected year

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East of Suez, \$/t



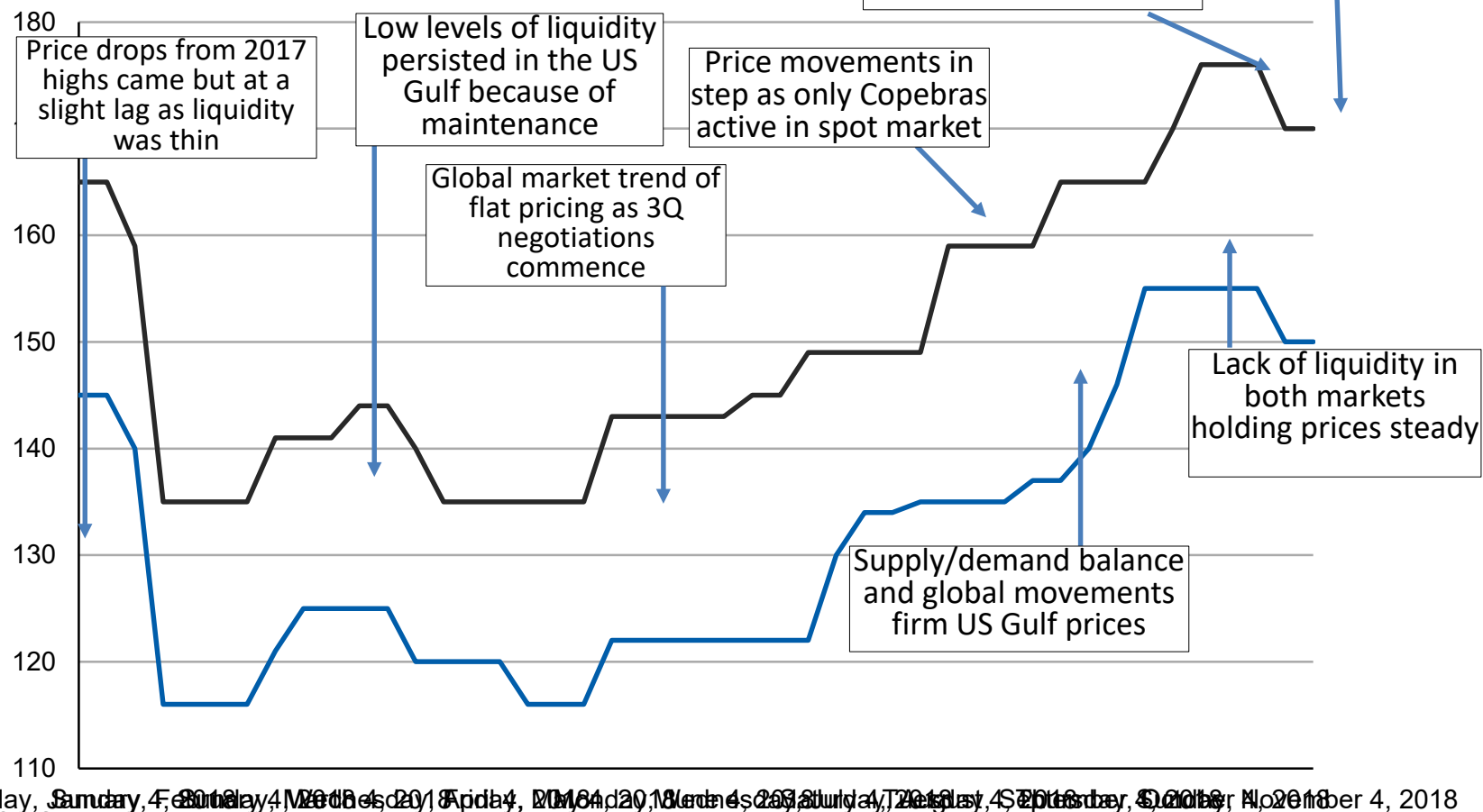
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West of Suez, \$/t



— Brazil cfr high price

— US Gulf fob high price

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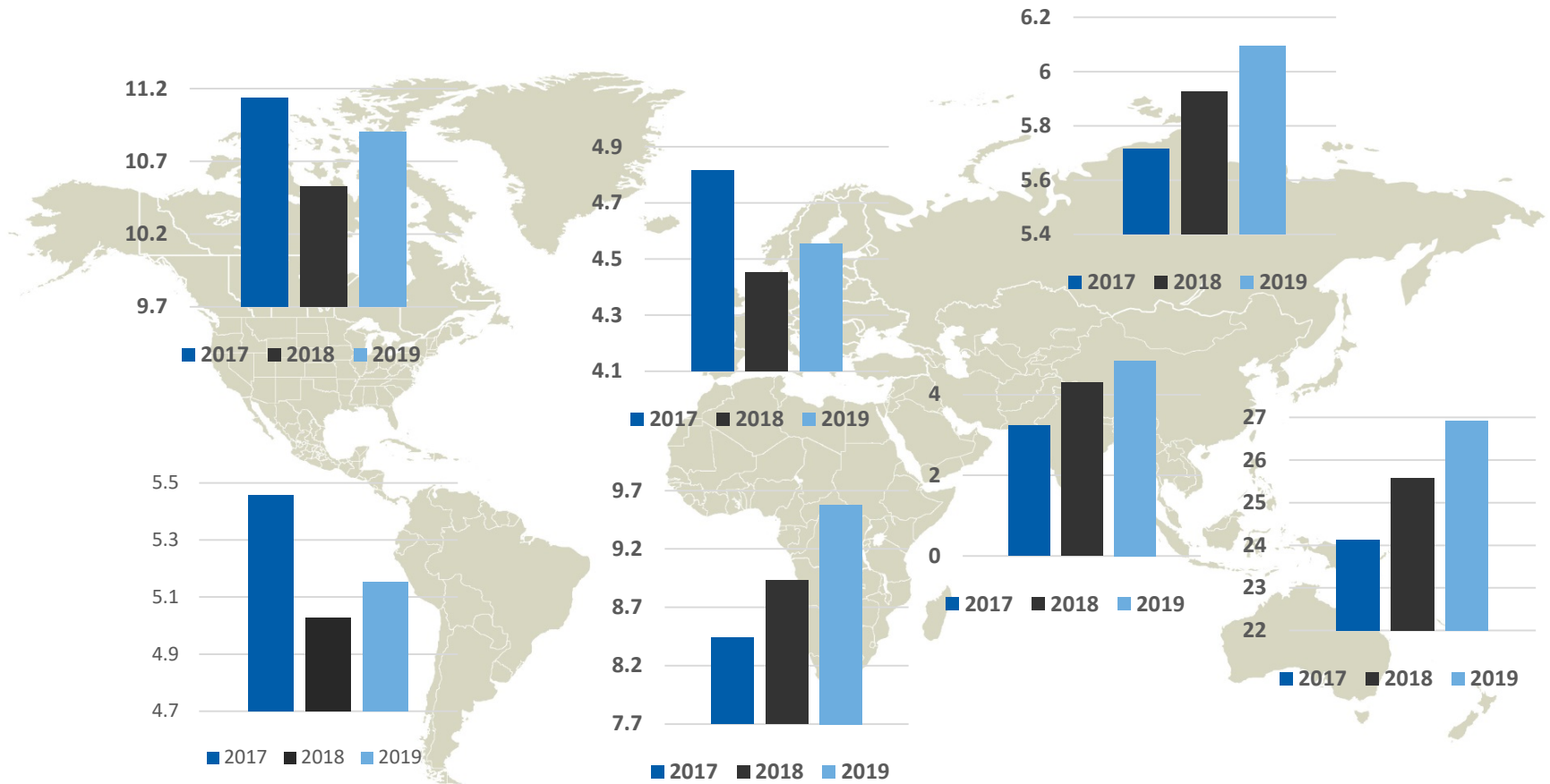
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Near term supply and demand

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Regional demand, mn t



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Demand highlights



Changes in supply to China

USA tariffs

- Removes up to 300,000t/yr from the supply chain

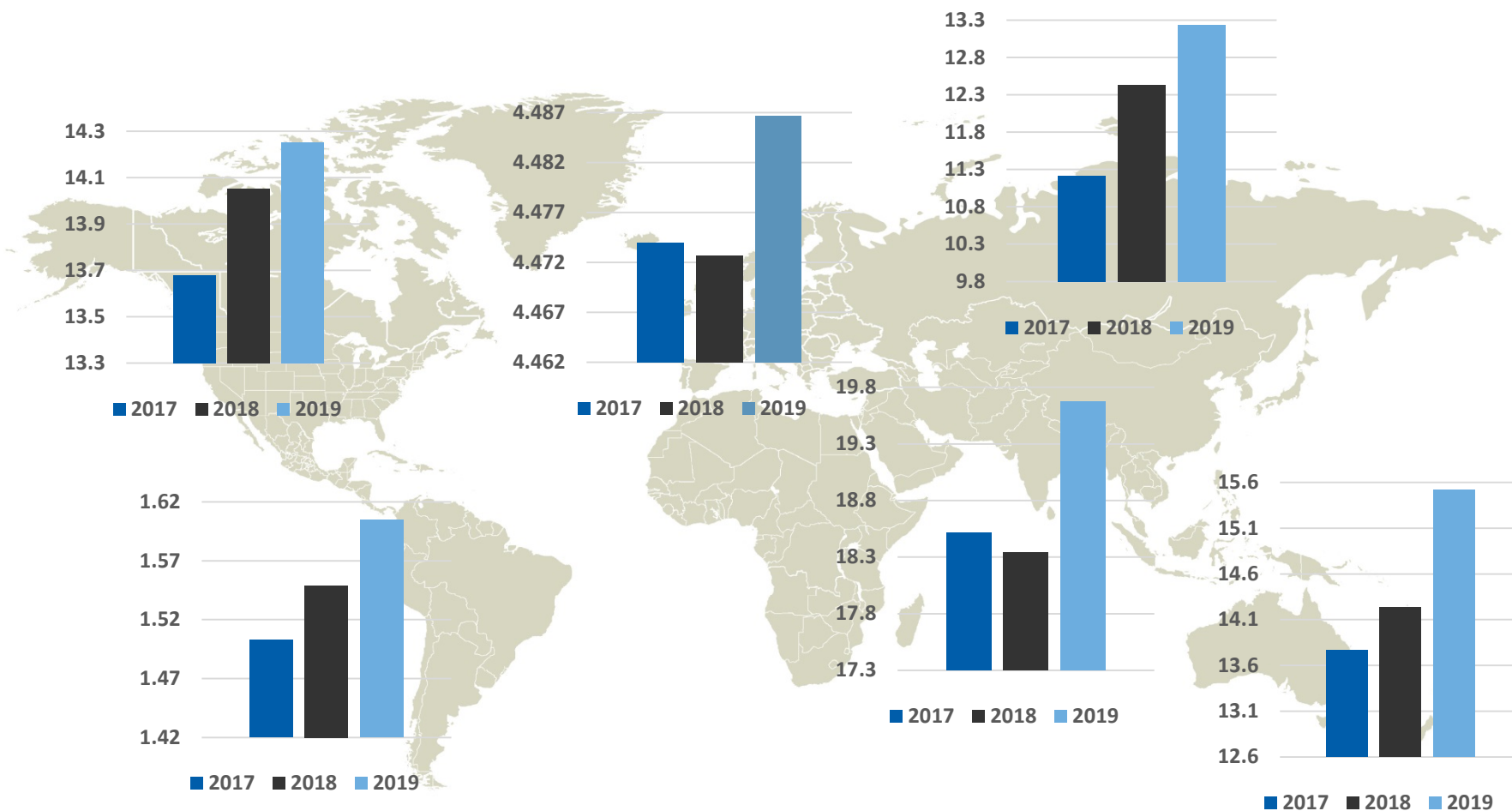
Iranian sanctions

- Chartering difficulties and freight increases
- Limited financing for sulphur purchases

Middle East supply

- Sulphur producers shifting supply focus

Regional production, mn t



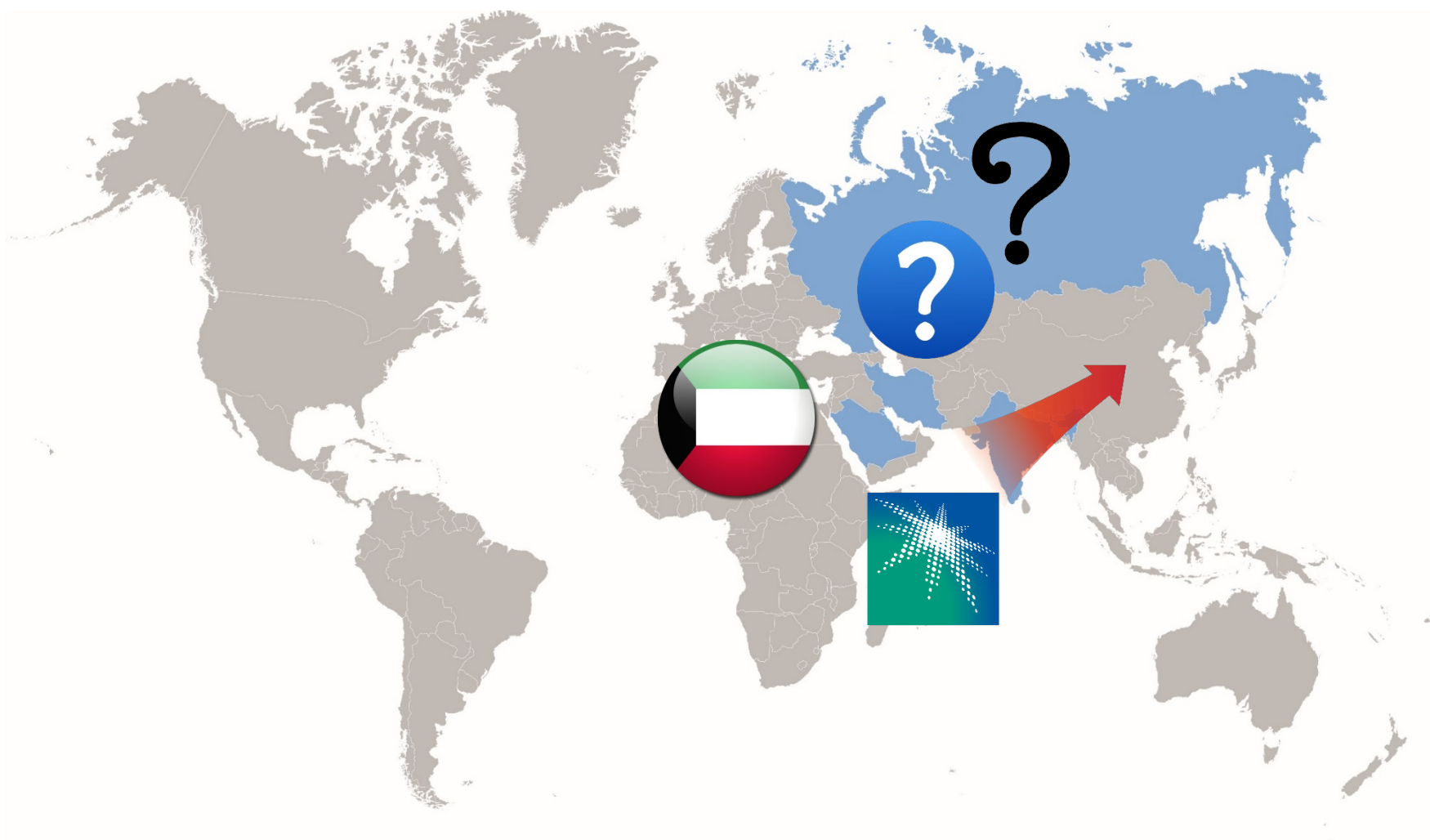
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Production highlights

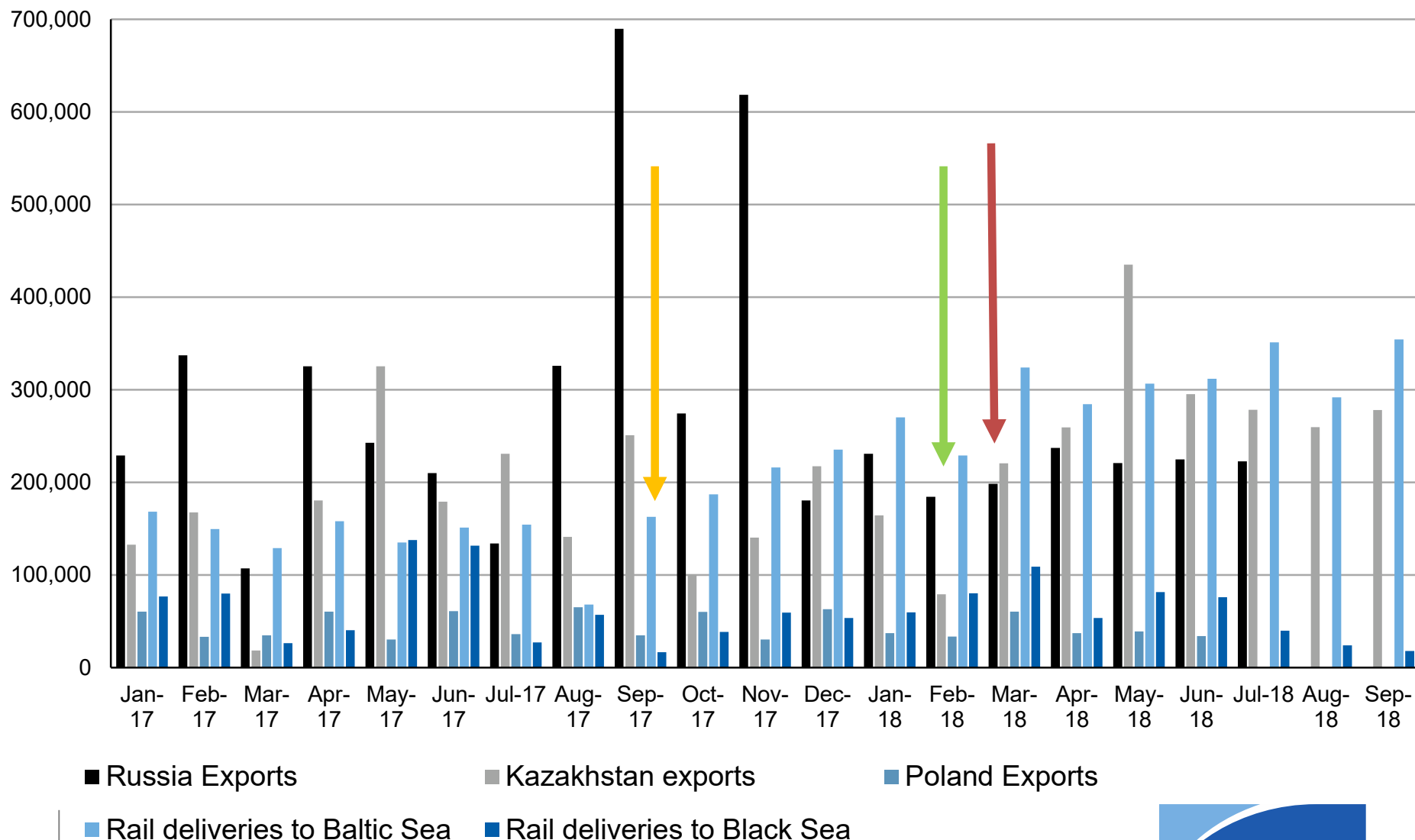


Regional focus

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Increasing liquidity in the Baltic Sea, t



■ Russia Exports

■ Kazakhstan exports

■ Poland Exports

■ Rail deliveries to Baltic Sea

■ Rail deliveries to Black Sea

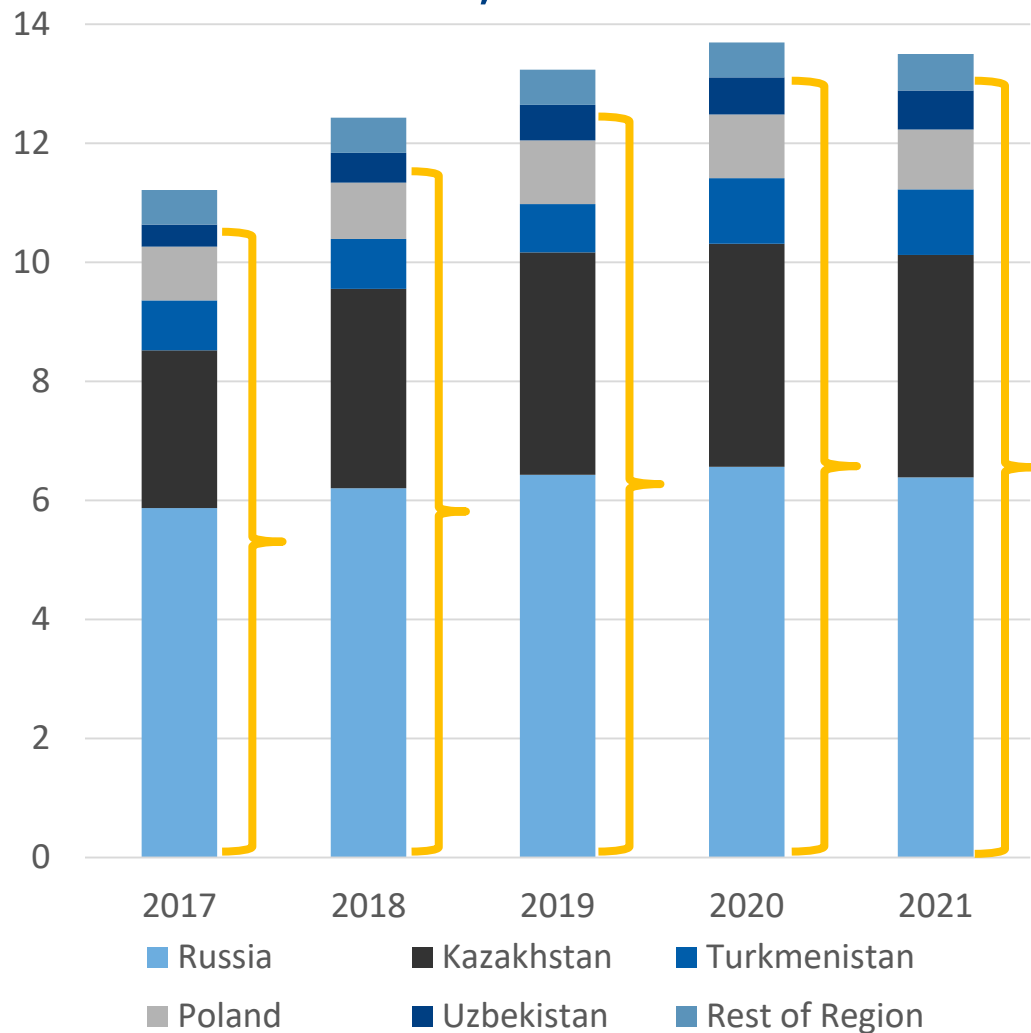
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East European production 2017-2021, mn t

- Production to increase from 13.5 mn t in 2017 to 17.9 mn t in 2021
- Winter weather limitations are a factor
- Stocks are estimated at 6mn t in 2017, growing to 9.6mn t in 2021
- Effective supply will always be approx 1mn t under production capacity



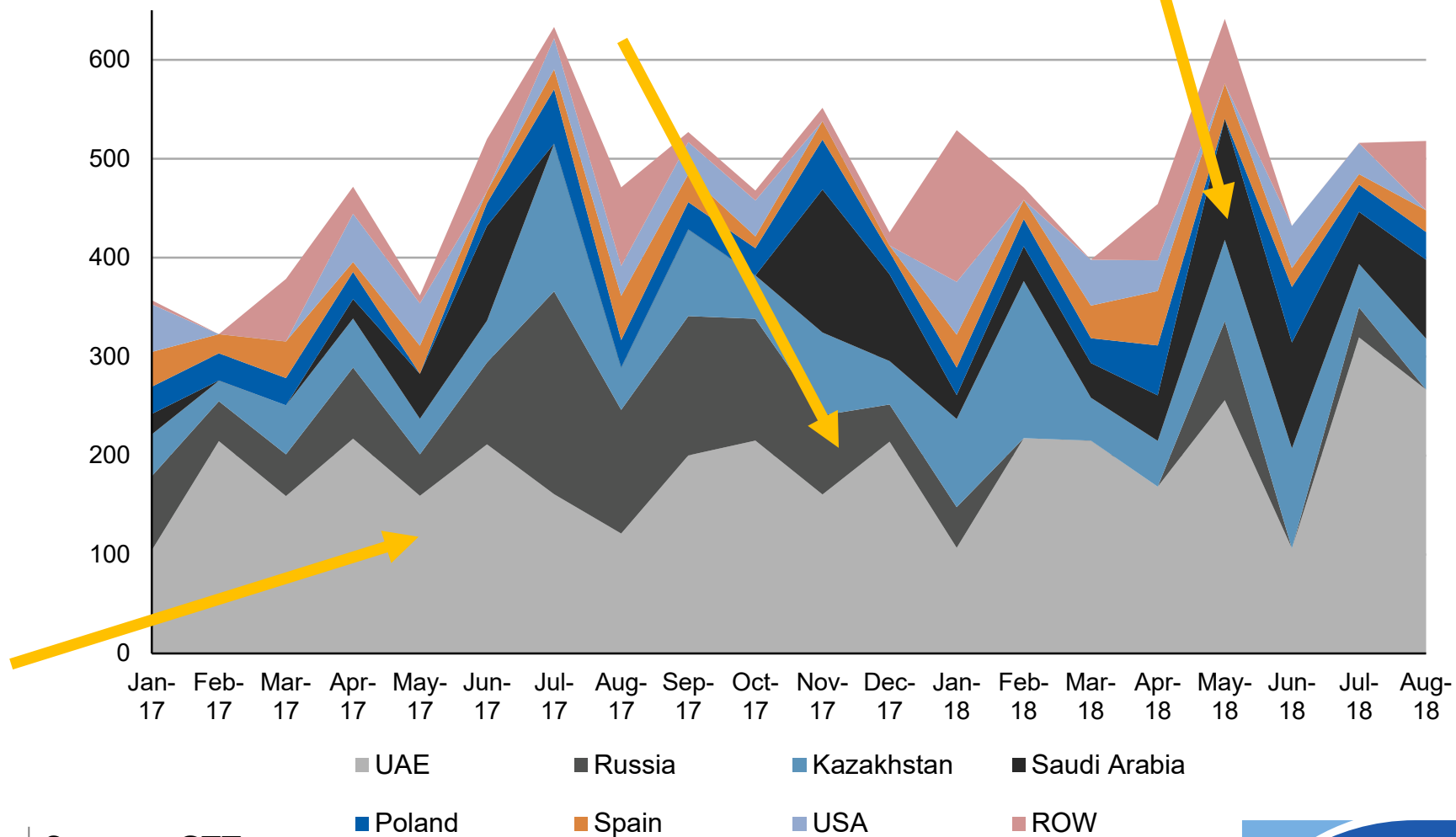
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Morocco imports, '000t



Source: GTT

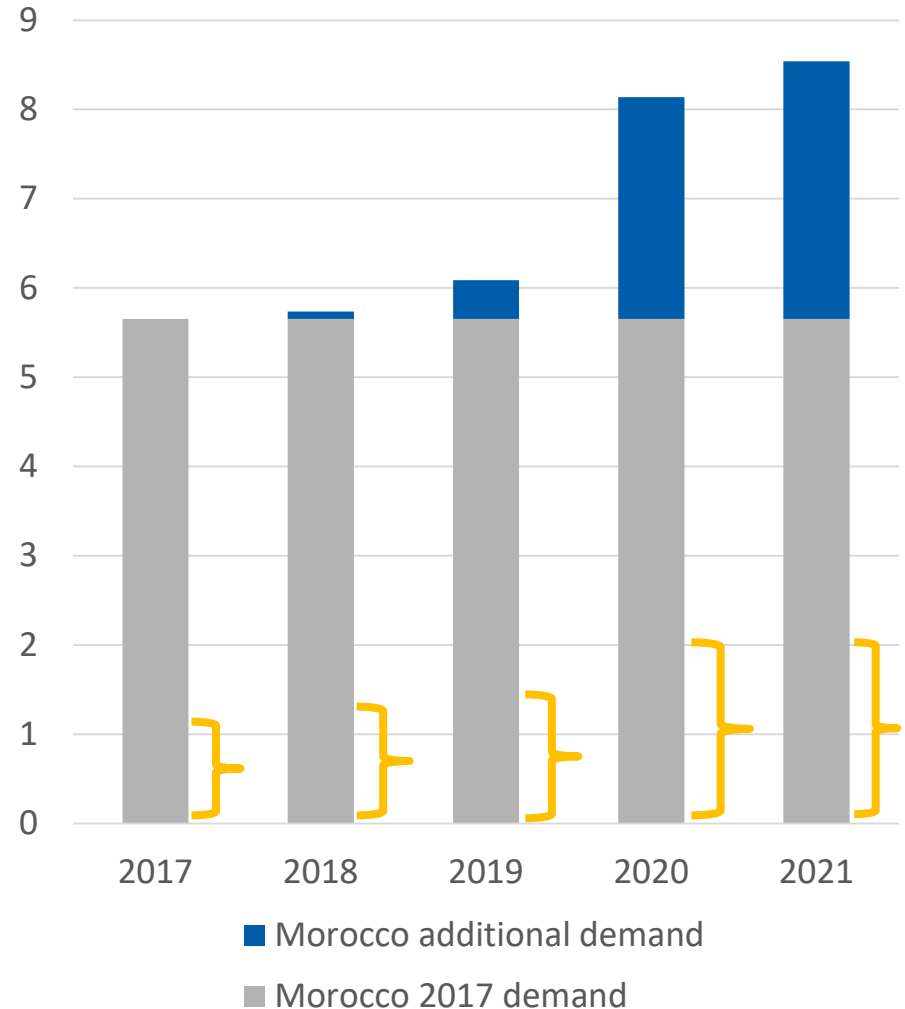
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Morocco demand increases 2017-2021

- Between 2017-2021 Jorf Phosphate Hub demand increases by 828,000t
- UAE to continue to hold position as number one supply market because of December agreement
- Question around the return of Russia as a key contributor to the Moroccan supply chain



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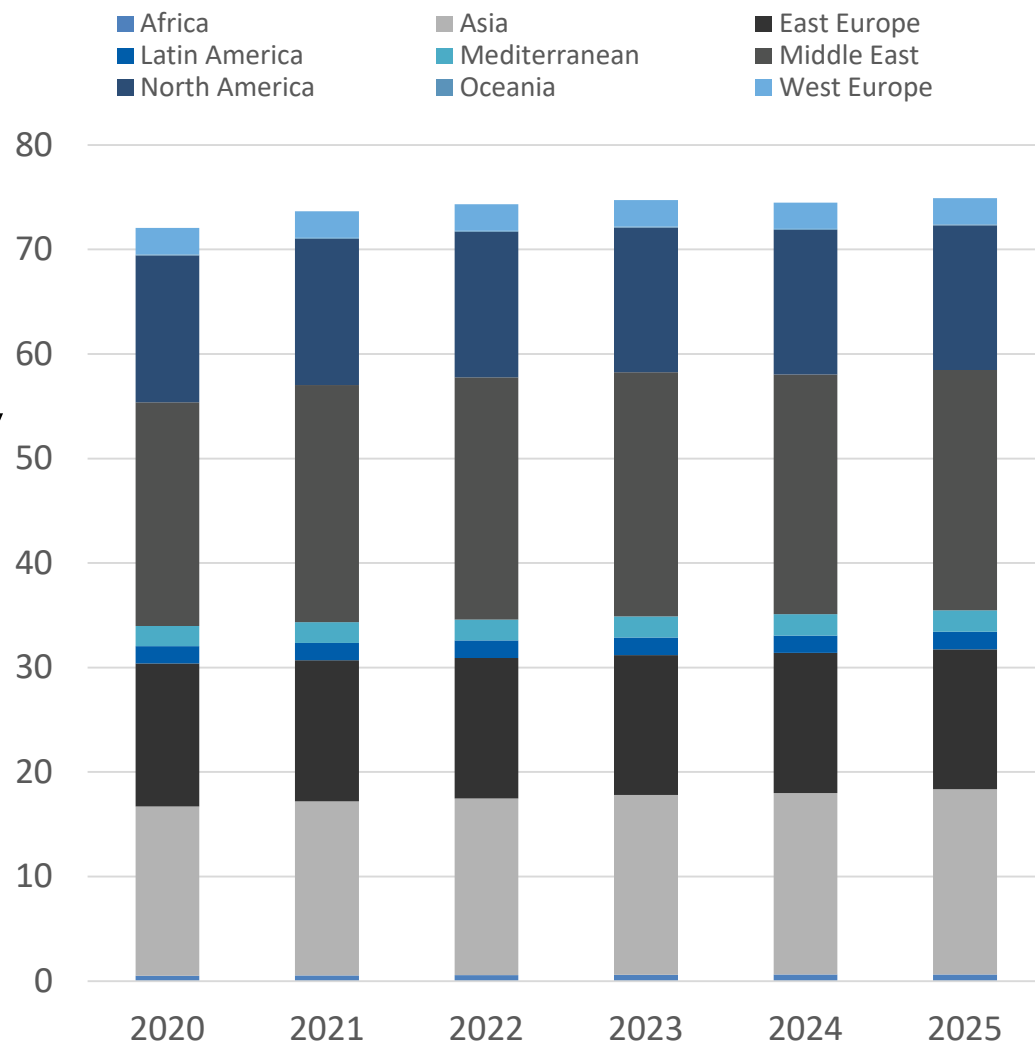
Beyond 2019

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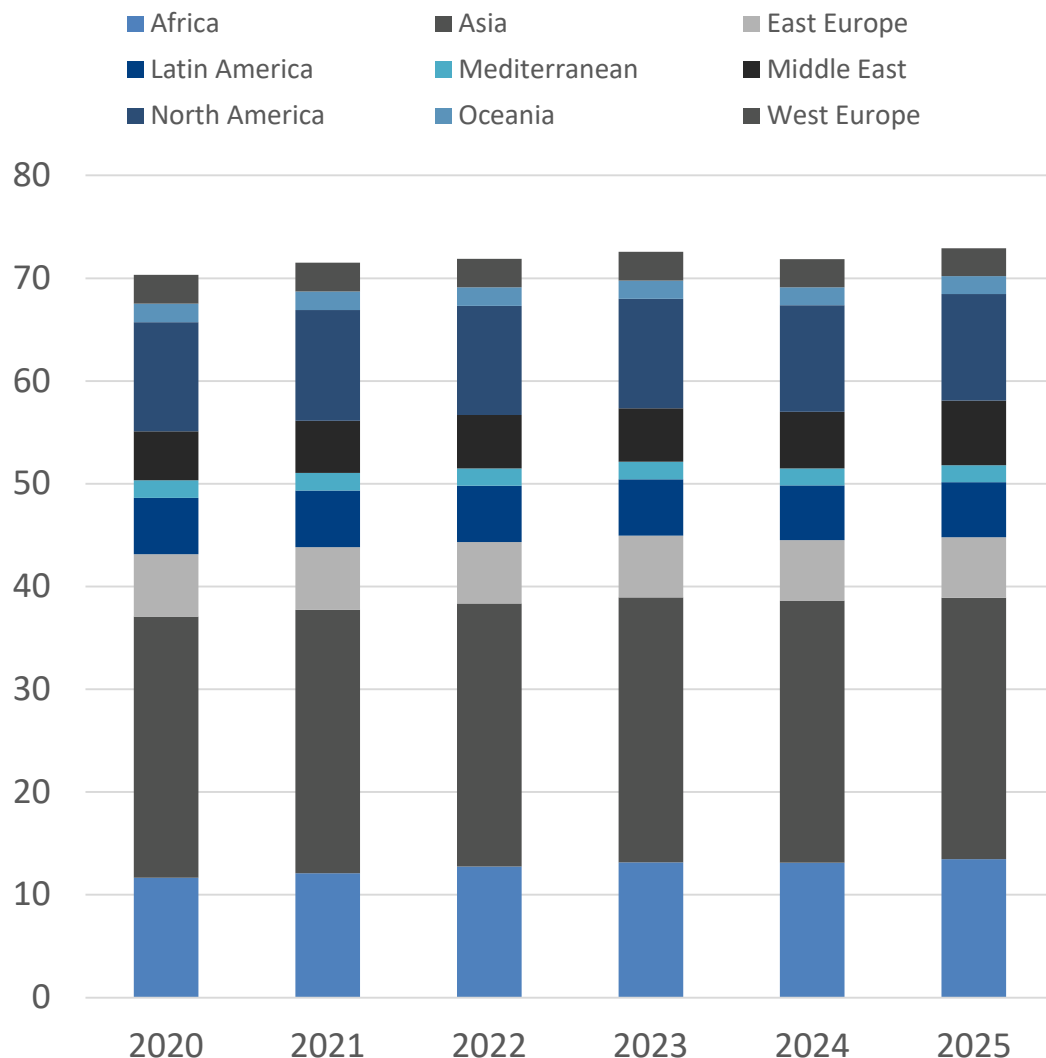
2020-2025 global production, mn t

- Kuwaiti and Qatari increase market share
- Eastern European production holds steady
- Chinese production to boost Asia's supply position
- North America to become third biggest sulphur producing region



2020-2025 global demand, mn t

- China demand increase could be offset by domestic supply
- Saudi demand to lead Middle East increases
- Africa to see the biggest of regional demand increases
- USA demand diminishing slightly, along with West Europe



Key takeaways

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Key takeaways

Supply

- More of the yellow stuff is coming, but delays and unexpected outages are a constant

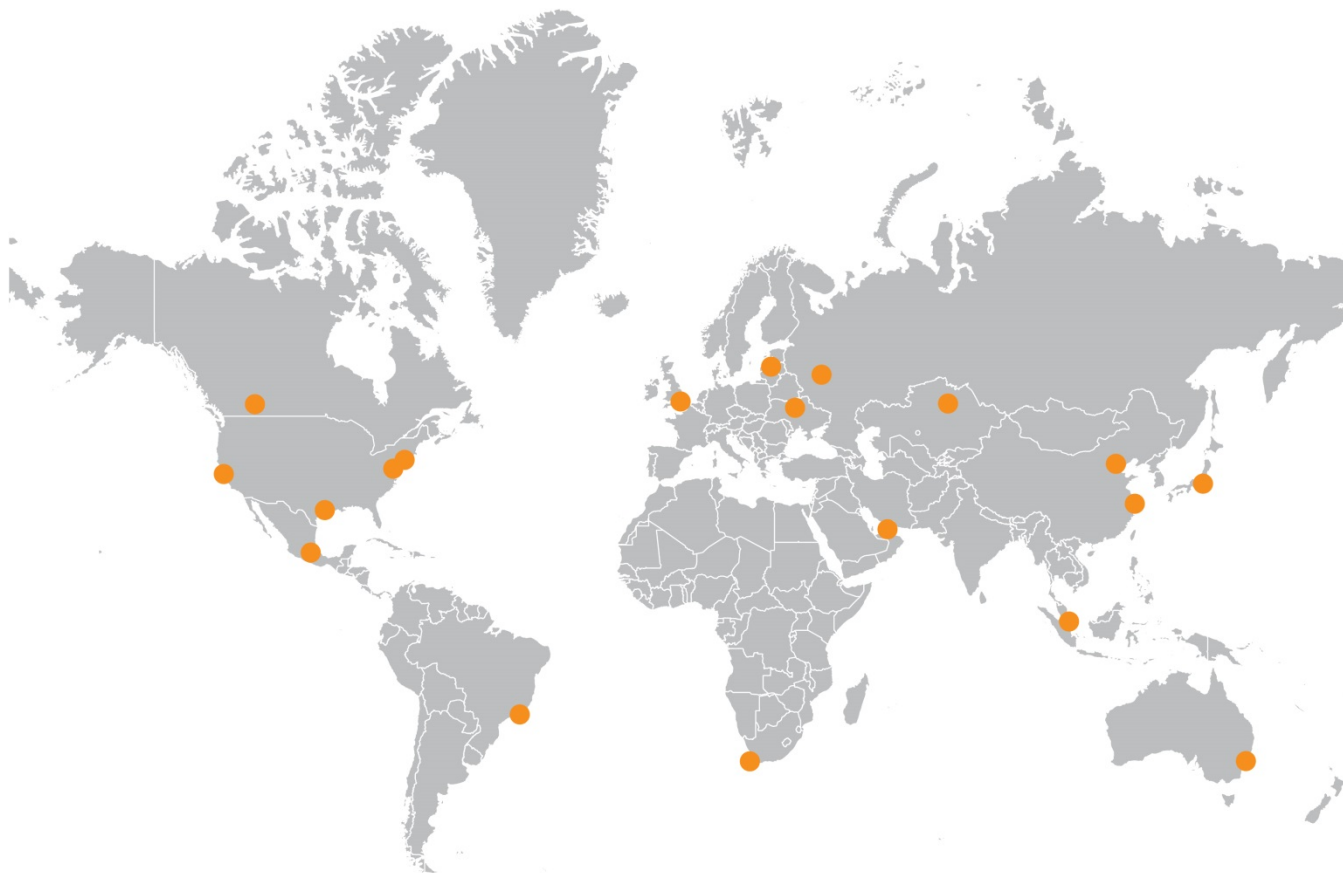
Demand

- New demand is coming but limited to a few regions

Trade

- Term contract demand diverting tonnes from the spot market

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Astana
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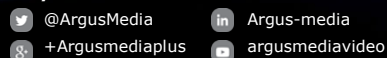
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