

Sulphur and Sulphuric Acid Market Review

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Acuity's presentation will review notable changes in production and consumption of sulphur and sulphuric acid, and the impact they could have on global trade flows.

In 2020, we will see changes in sulphur supply as new production assets begin to ramp up. In the presentation we will track the progress on the numerous projects that are expected to add sulphur supply in the coming years. This includes a new refinery in Kuwait (Al Zour) and Saudi Arabia (Jazan), both set to be operational in 2020. Some of this new supply will be offset, however, by continued declines in production in North America and Latin America, for example, which will also be discussed. In the coming year, implementation of new regulation requiring lower sulphur content in refined products will come into effect. This is not just limited to the often discussed impact of the "IMO 2020" mandate that we will touch on in this presentation, but also in India, for example, where new fuel standards are required by April 2020. The transition to Bharat Stage VI standards will see sulphur content in fuel reduced from 50 parts per million (ppm) to 10 ppm.

Turning to sulphuric acid, the market was balanced-to-tight in 2018 which has carried into 2019. We will review the drivers of the prevailing tight supply, such as unplanned production disruptions amid firm demand. This has required some consumers to diversify their supply sources and supported non-traditional sources of supply being traded. Market tightness has induced changes to acid trade flows, and we will look into other expected changes, such as the potential for increased availability out of China and the first import tank capacity on the west coast of North America due to be commissioned in the second half of 2019.

On the consuming-side, we will see demand for sulphur and sulphuric acid firm primarily from ongoing phosphate production growth, such as in Brazil. There, sulphur consumption is expected to increase by around 300,000 t in 2020. It should be noted, however, that in a longer-term view, there is potential for further phosphate rationalization in North America which could offset some of the increased consumption in Latin America, Africa and Saudi Arabia. We will also touch on the electric vehicle (EV) evolution which is seen as largely bullish for sulphur and sulphuric acid consumption related to metals.