14 Oct 2016
SPOT PRICES - CARGOES OF 500 MT OR MORE
Price Range Four Weeks Ago US CTS/lb
CFR SE Asia USD/tonne +20 1845.00-1850.00 +20 1780.00-1785.00
83.69-83.91
CFR Taiwan USD/tonne +20 1845.00-1850.00 +20 1780.00-1785.00
83.69-83.91
CFR South Korea USD/tonne +20 1845.00-1850.00 +20 1780.00-1785.00
83.69-83.91
SPOT PRICES - CARGOES OF 20 - 300 MT
Price Range Four Weeks Ago US CTS/lb
CFR SE Asia USD/tonne +20 1850.00-1900.00 +20 1785.00-1850.00
83.91-86.18
Overview
- Plant disruptions crimp cargo availability
- Regional supply tightness persists
- China domestic markets strengthen
Price chart: MMA Southeast Asia vs PMMA Southeast Asia
Asia spot markets
Spot prices of methyl methacrylate (MMA) in southeast Asia strengthened in the week ended 14 October, driven by an unabated supply shortfall situation outstripping import demand.
Negotiations were ongoing for October, with some market players near sold-out positions on the back of increasing spot enquiries from southeast Asian outlets.
A drummed cargo of southeast Asia origin MMA was understood to have fetched the equivalent of the mid $1,800s/tonne CFR southeast Asia basis for early November delivery. Details on the deal, however, could not be verified.
On MMA cargoes of 20-300 tonnes, workable levels on the buying side were viewed by market sources at around $1,850/tonne CFR southeast Asia. Selling indications were placed at $1,900/tonne CFR southeast Asia and above.
There were market sources who considered a workable level for spot November business to be concluded within the $1,850-1,900/tonne CFR southeast Asia range for cargoes of this size.
Meanwhile, the overall tight supply scenario spilled over to China, fuelling domestic MMA prices there.
Firmer import buying appetite, with suppliers citing increased spot enquiries for emulsion resins applications helped to boost market sentiment, coinciding with cargo supply constraints faced by several major regional producers.
By and large, the current market climate was characterised as one skewed towards sellers, leaving little room for negotiation on the buying side.
Escalating MMA prices have, in turn, compelled downstream (PMMA) suppliers to raise their asking levels even as overall demand was just moderate, according to regional sources.
While there was market concern on the fast diminishing spread between MMA and downstream PMMA – squeezing margins for sellers of the latter product – it was unclear whether MMA prices have truly reached their peak.
On production, Japan’s Mitsubishi Gas Chemical Co (MGC) has

yet to restart its MMA plant in Niigata owing to unexpected mechanical problems, according to a source familiar with its operations. The plant is expected to resume operations around 20 October. It was originally due to restart on 7 October following regular maintenance. The delayed restart of the plant comes amid persistently constrained supply availability across Asia-Pacific.

Fellow Japanese producer Asahi Kasei Corp is carrying out scheduled maintenance at its 100,000 tonne/year MMA plant in Kawasaki. The regular overhaul of the plant is expected to last about 40 days, following its shutdown since the start of October.

There were limited concrete discussions for MMA spot cargoes in 500 tonnes or more, with spot regional prices assessed in line with the upward movement for smaller shipments of 20-300 tonnes.

Chinese domestic market

Chinese domestic MMA prices were up sharply following the week-long public holiday on the back of tight supply in eastern and southern areas, overshadowing downstream demand.

MMA Domestic Spot Prices (in CNY/tonne)

East China
(ex-tank) +1000 15,200-
16,000 +1000

South China
(DEL) +1200 16,400-
17,000 +1500

Other regional markets

In South Korean domestic markets, spot supply limitations amid scheduled plant maintenance supported prices. MMA cargoes were discussed at Korean Won 1,970-2,000/kg DEL for October, stable with the previous week.

Upstream

Crude futures prices fell 0.5-1.5% in the week ended 14 October. Crude values eased on a stronger US dollar, an unexpected large build in US crude stocks and news that OPEC production in September hit a record 33.6m bbl/day. Earlier in the week, optimism that OPEC and non-OPEC producers would reach an agreement to cut production helped push ICE Brent futures to the highest levels seen this year. However, doubts later surfaced regarding the ability of producers to implement output cuts that would be sufficient to rebalance the market.

Downstream related

Spot prices of general purpose (GP) grade PMMA were firmer in southeast Asia and China for the week ended 13 October, based on prevailing market discussions.