Global Polyurethane Feedstocks

Asia Weekly Market Report

24 May 2024 | Issue 269

Price Table

Spot Price Table

Product	Region of Sales	Unit Price	2-May-24 Low	2-May-24 High	9-May-24 Low	9-May-24 High	16-May-24 Low	16-May-24 High	23-May-24 Low	23-May-24 High
PO/Polyols Chain										
Propylene	CFR NEA	$/mt	840	860	840	860	840	860	850	890
Propylene Oxide	CFR China	$/mt	1,100	1,130	1,100	1,130	1,100	1,150	1,100	1,150
	Ex-Tank E.China	RMB/mt	9,130	9,230	9,200	9,260	9,220	9,420	9,300	9,400
	Delivered E.China	RMB/mt	9,500	9,600	9,500	9,700	9,550	9,830	9,600	9,700
Polyol (Flexible)	FOB China	$/mt	1,106	1,136	1,108	1,139	1,110	1,140	1,105	1,136
	Delivered E.China	RMB/mt	9,050	9,300	9,050	9,300	9,050	9,300	9,050	9,300
Polyol (Rigid)	FOB China	$/mt	1,203	1,210	1,206	1,213	1,214	1,220	1,209	1,215
	Delivered E.China	RMB/mt	9,850	9,900	9,850	9,900	9,900	9,950	9,900	9,950
MDI Chain										
Benzene	FOB Korea	$/mt	1,049	1,055	1,047	1,050	1,035	1,039	1,054	1,060
	Domestic China	RMB/mt	8,750	8,778	8,744	8,790	8,818	8,850	8,960	9,000
MDI (Monomeric)	Delivered E.China	RMB/mt	18,500	19,000	18,500	19,000	18,200	18,700	18,000	18,800
MDI (Polymeric)	Delivered E.China	RMB/mt	16,300	17,200	16,500	17,200	17,000	17,800	17,000	17,800
TDI Chain										
Toluene	FOB Korea	$/mt	923	933	906	916	880	889	882	891
	Domestic China	RMB/mt	7,603	7,635	7,580	7,604	7,448	7,492	7,533	7,558
TDI	Delivered E.China	RMB/mt	14,900	15,400	14,000	15,000	14,000	15,000	14,100	15,000

Benzene and Toluene prices are published based on Asia Aromatics Daily report.

Source: Chemical Market Analytics by OPIS

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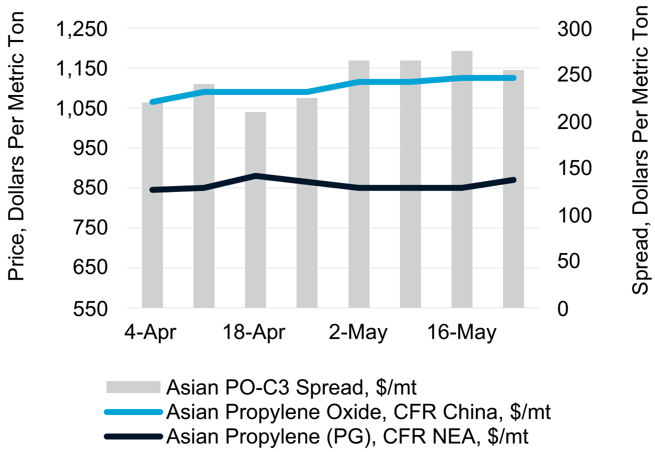
Graphical Summary

Asian PO vs Propylene



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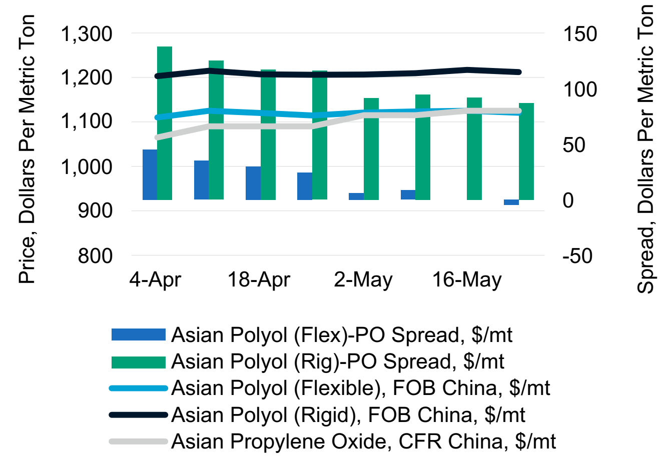
Asian Polyol vs PO



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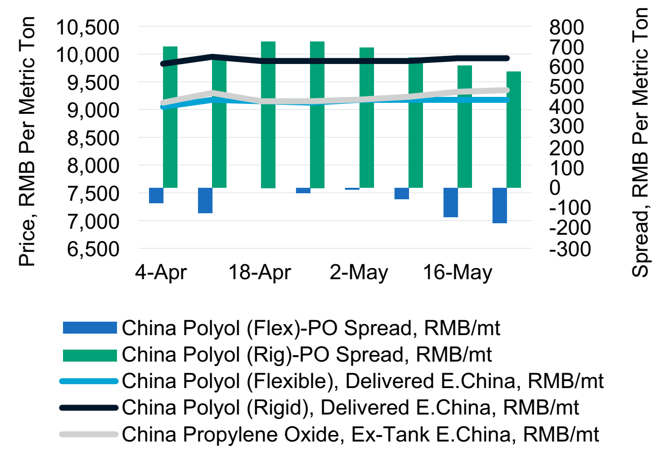
China Polyol vs PO



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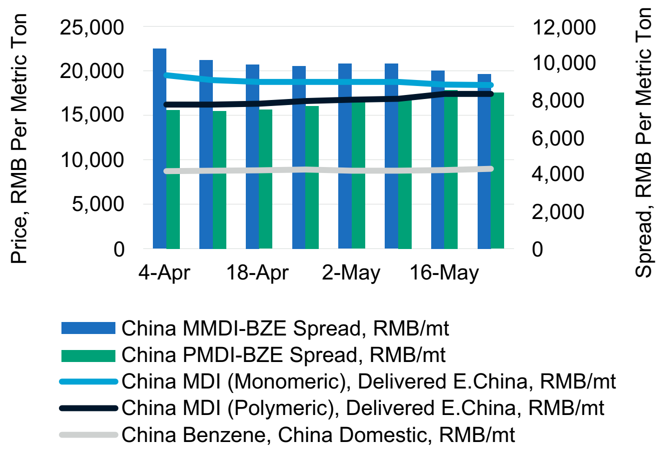
China MDI vs Benzene



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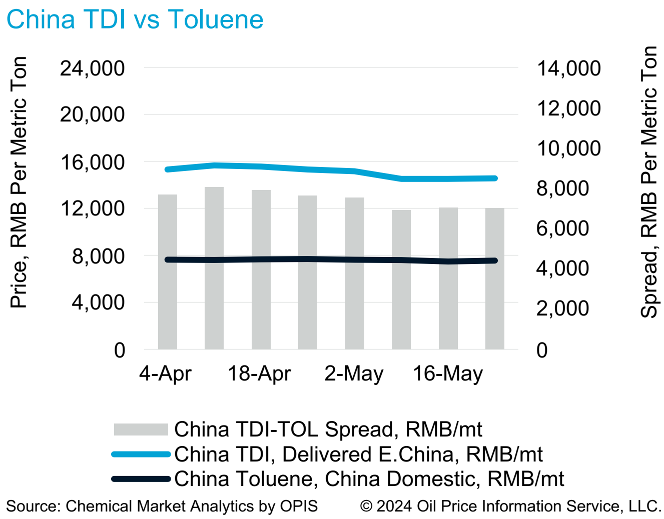

PO/Polyols Chain

Propylene

In Northeast Asia, spot propylene prices remained unchanged amid the slow market activity. Spot supply in South Korea remained tight, which supported the market sentiment remaining stable despite the bearish energy and feedstock prices in the region. Some buyers in South Korea are understood to be importing spot propylene cargoes from nearby countries via floating prices. However, the major buyers in mainland China were not in a hurry to purchase imported cargoes, anticipating monomer prices to decline along with feedstock prices. Fixed-price buying ideas remained at $830-840 per mt CFR Northeast Asia while selling ideas hovered at $860-870 per mt CFR Northeast Asia.

Propylene Oxide

The Asian propylene oxide (PO) market retreated this week amid announcement of resumption of several PO plants. In the past weeks, PO supply in the East China region has been impacted by turnarounds and prolonged maintenance schedules. Additionally, downstream sectors were unable to accommodate price increases, as producers were unable to pass the increases down the value chain. As a result, downstream producers decided to reduce their operating rates.

The primary consumer segment of propylene oxide (PO), namely the polyether polyols industry, has remained subdued as demand from downstream sectors remains sluggish. Prices of polyether polyols have been lower than PO prices, causing producers to reduce operating rates to minimize margin erosion. Meanwhile, the propylene glycol (PG) market, the second-largest consumer of PO, is seeing ongoing challenges due to weakened demand from the industrial-grade unsaturated polyester resin (UPR) sector.

This week, the average mainland China prices for ex-tank Shandong cargoes rose by RMB30 per mt to RMB9,300-9,400 per mt. The delivered East China prices were RMB40 per mt lower at RMB9,600-9,700 per mt.

This week, the imported propylene oxide (PO) market remained short as shipments from the Middle East have yet to arrive. The imported PO prices were notionally assessed at $1,100-1,150 per mt CFR China, unchanged from the previous week.

This week, the propylene market remained largely unchanged. In mainland China, prices in Shandong province were RMB75 per mt lower at RMB6,700-6,750 per mt. Southeast Asian prices were at $820 - 850 per mt, unchanged from last week. Propylene in Northeast Asia transacted unchanged at $840 - 860 per mt.

Liquid chlorine prices were trading at RMB200-350 per mt this week, a decrease of RMB75 per mt from last week. The margin for Shandong chlorohydrin PO producers rose by 16% due to softening liquid chlorine costs.

It is worth noting that Jishen Chemical in mainland China remains shut and has yet to announce any plans to restart operations. Jincheng Petrochemical shut its plant in July 2023 and has not indicated plans to restart. Qixiang Tengda is currently running at 70% operating rate. Shandong Daze has remained shut since 14 September 2023. Shandong Xinyue is operating at approximately 70% of plant capacity. Wanhua has shut its new cumene-based PO plant.

In South China, Sinochem Quanzhou shut its unit for turnaround on 1 May. The producer resumed operation last week and is operating at 80% of capacity.

In Jiangsu, Jiangsu Yida was shut between June to July last year due to a shortage of raw material but was shut again immediately upon restart and has remained shut. The restart date is not known. Nanjing Hongbaoli has been shut since the end of April 2022 for debottlenecking. The project is expected to be completed in 2024, with an addition of 40 kt per year to the existing 120 kt per year PO capacity. Jiangsu Ruiheng shut its plant for unplanned maintenance on 31 March. The plant was originally slated to restart on 1 May but has been delayed further. Jiahong (Satelite) Chemical shut on 3 April for a 45-day maintenance and is in the midst of restarting. Zhejiang Petrochemical is running at 50% operating rate. In April, Lihuayi started the operation of its 300kt per year HPPO unit successfully. However, the plant later shut for maintenance. The unit is expected to remain shut for the remainder of May.

In Southeast Asia, Shell Singapore's POSM unit has remained shut since early October following a fire incident. GC Oxirane has restarted from its maintenance shutdown on 10 April. The unit is currently operating at 100% of capacity.

In South Korea, SKpic's POSM unit is currently operating at 90% of capacity. Meanwhile, the producer shut its HPPO unit at the end of March due to a shortage of raw material. The plant resumed production at the end of April but was shut again on 9 May.

Prices in the Asian PO market are expected to continue to see a softening trend as market supply resumes gradually. Anticipation of lengthening market supply is expected to dampen buying momentum. Additionally, the current price level is not considered workable by downstream sectors. The overall demand from downstream sectors has remained unchanged. Downstream producers are expected to keep replenishment activities to a minimum. Operating rates from downstream sectors are expected to remain subdued.

Polyether Polyols

The polyether polyols market remained subdued with offer prices staying stable throughout the week. Overall market momentum remained in sluggish trend and witnessed only a few restocking activities from buyers. Sellers continued to firm up their offers despite the softening trend in upstream raw material Propylene Oxide (PO) seen by the end of the week. Most buyers continued to wait at sidelines, mainly consuming their on-hand inventory, and only replenished minimal stock on need basis. Overall supply remained abundant, and inventory was at a comfortable and manageable level. There was a lack of aggressive trading activities in most areas.

The domestic offer prices for flexible polyols in East China were stable at RMB9,050-9,300 per mt on a delivered basis across the whole week. The market remained in a stalemate as most buyers were reluctant to pursue orders at higher prices range while sellers have been trying to dispose their inventory at maximum margins. In mainland China, the weekly average flexible polyols prices were at $1,105-1,136 per mt FOB mainland China.

Rigid polyols market witnessed a similar momentum and prices in East China were stable at RMB9,900-9,950 per mt across the whole week. Sellers were holding their prices firm despite the drop in upstream PO costs by the end of the week. The market did not witness any aggressive trading activities and most buyers continued to replenish minimal stock preferably at the lower end of the price range. Sellers continued to fulfil pending contractual orders. The rigid polyols prices were at $1,209-1,215 per mt FOB China. Meanwhile, the mainland China domestic prices were maintained at the level of RMB9,850-9,950 per mt.

It is expected the prices will likely stay stable or turn soft amid lower upstream PO costs and excess supply in the market. Demand from buyers is anticipated to stay weak due to seasonality and higher on-hand inventories.

Propylene Glycol

In mainland China, the Propylene Glycol (PG) market remained subdued, and the domestic prices continued to see a slight decline in some areas. Irrespective of the movements in upstream Propylene Oxide (PO) costs, PG prices have been moving independently. In East China, the Propylene Glycol prices continued to slide down slightly from RMB7,550-7,600 per mt to RMB7,500-7,600 per mt on a delivered basis by the end of the week. Simultaneously in North China, the prices also declined from RMB7,300-7,400 per mt to RMB7,250-7,350 per mt and in the Southern part, the prices were stable at RMB7,600-7,700 per mt across the whole week.

Overall, the market continued to see sluggish momentum during the week and the market remained in a stalemate and only witnessed a few restocking activities. Sellers have been trying to firm up their prices amid higher raw material costs and reduced inventory levels, but buyers continued to take a wait-and-see attitude, mainly consuming their on-hand inventory, and only replenished minimal stock as needed at their desirable lower end of the price range. Supply remains sufficient in the market and the demand for UPR production remains weak. Buying sentiments remained calm and restocking activities were low in most areas. To ease the excess supply situation, some producers have started to reduce their operation rates or commenced maintenance schedule.

It is expected that prices will likely stay stable-to-soft in the short term amid lower upstream PO costs or sufficient supply. Demand is anticipated to stay weak due to the lull season.

MDI Chain

Benzene

Asian benzene prices increased this week after declining during the past couple of weeks, mainly due to firmer naphtha prices and strong downstream styrene markets. In addition, import demand from mainland China has recovered, supported by a widening spread between domestic prices and international prices. However, anticipation of increasing benzene supply after planned maintenance and slowing demand for exports to the United States capped the price increase. The weekly average benzene price increased by $19.8 per metric ton (mt) from last week to $1,056.56 per mt FOB South Korea.

In mainland China, momentum has continued to strengthen on the back of the firm international market and bullish domestic futures market. At the same time, the anticipation of a noticeable increase in consumption following the completion of heavy turnarounds across most major derivative markets and speculation on a decline in commercial inventories have also boosted the buying interest for domestic cargoes. Buying activity increased week on week among both traders and consumers. The weekly average prompt spot price was RMB 8,980 per mt; import parity was at $1,097 per mt CFR, which was up by $16 per mt from the level seen last week. The import parity price remained higher than the FOB South Korea price by $41 per mt this week.

Naphtha prices were firmer this week. Meanwhile, the benzene to naphtha price spread was stable at approximately $379 per mt, up by $8 per mt from the level seen last week. Benzene margins remained higher than the average spread of $248 per mt seen in 2023.

MDI

In Asia, the methylene diphenyl diisocyanate (MDI) market started showing some signs of easing and stabilizing this week despite tight global supply. Producers have however continued to limit supply allocations amid the global supply tightness. The global MDI supply has continued to face constraints as a result of operational or supply disruptions in the United States. On 21 May, Dow declared force majeure on its MDI supply in North America, which has kept the global MDI supply tightened. This week, Covestro kept its PMDI listing price at RMB17,300 per metric ton, unchanged from last week.

In mainland China, demand for refrigerators and freezers has shown steady improvement, supported by consistent demand from the export market. Similarly, there has been an increase in demand from the construction sector as outdoor projects resume. However, demand for MMDI across various sectors has remained subdued, primarily due to high inventory levels of finished products. Additionally, the TPU sector continues to face weak demand, keeping producers cautious about increasing operating rates due to shrinking profit margins. Meanwhile, demand from the spandex sector has shown minimal fluctuations. In the shoe sole production sector, producers are operating at 40-50% capacity due to limited profit margins. Demand from the synthetic leather sector has remained largely unchanged.

In Southeast Asia, market sentiment remained soft this week despite the bullish sentiment in mainland China. Buyers were reluctant to accept higher prices. This week, market prices were trading at $2,000-2,050 per mt CFR Southeast Asia, unchanged from last week.

The weekly average PMDI price was unchanged at RMB17,000-17,800 per mt. Meanwhile, the MMDI prices were trading higher at the start of the week but the weekly average price closed RM50 per mt lower at RMB18,000-18,800 per mt.

On the supply side, BASF plans to take its splitter unit in Shanghai down for maintenance at the end of May. The turnaround is expected to last until mid-June.

Outside of mainland China, Tosoh took its unit down for maintenance in early May.

Looking forward, MDI prices in mainland China are expected to soften as buyers are expected to stay on the sidelines and monitor the direction of price announcements by producers. Buyers are expected to resume restocking activities in early June. Market supply is expected to remain tight following supply disruption outside of Asia. Additionally, demand in downstream sectors is expected to remain stable.

TDI Chain

Toluene

The weekly average toluene price in Asia is assessed at $886 per mt FOB South Korea, almost unchanged from last week. The toluene spot price posting for the week is $882-891 per mt FOB South Korea. The toluene to naphtha spread averages to $209 per mt this week, leading to declining margins for producers. The weekly average toluene price in mainland China is assessed at RMB7,545 per mt, marking an import parity of $909 per mt CFR.

TDI

This week, toluene diisocyanate (TDI) prices rebounded after continuous effort from producers to limit supplies. Producers offered prices at higher levels amid rising feedstock cost pressure. However, buying momentum was muted following the price increases. Buyers were under no pressure to replenish as they managed to stock up when prices were lower at RMB14,000 per mt. Demand from downstream sectors has been persistently weak, keeping operating rates subdued. This week, Covestro kept its listing price at RMB15,500 per mt.

In mainland China, demand from the bedding and furniture sectors has remained stagnant. Meanwhile, the automotive sector has experienced a slowdown in growth, expanding at a slower rate compared to previous periods.

The Southeast Asian market has remained subdued, with diminishing demand from downstream sectors. Furthermore, fluctuating local currency exchange rates have impacted buying power. As a result, traders and distributors are cautious about placing new orders. This week, prices in the Southeast Asian market were trading at $1,900-1,950 per metric ton CFR Southeast Asia, unchanged from the previous week.

In mainland China, domestic TDI prices rose by RMB50 per mt to RMB14,100-15,000 per mt delivered East China. Meanwhile, the average mainland Chinese toluene prices rose by RMB75 per mt to RMB7,545 per mt.

All other plants in mainland China are maintaining stable operations. Both BASF and Covestro are expected to start their scheduled maintenance from next week.

Outside of mainland China, Mitsui has taken its plant down for maintenance since 9 May. The unit is expected to resume operation on 24 June.

In the upcoming week, TDI prices are expected to trend lower given persistently subdued demand from downstream sectors. Additionally, weakening toluene prices are expected to provide relief to TDI margins. Trading activities are expected to remain stagnant as buyers stay on the sidelines.

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