

ASIAN PETROCHEMICALSCAN

Volume 32 / Issue 31 / August 3, 2018

AROMATICS (\$/mt)

	FOB Korea	CFR Taiwan	CFR SE Asia	CFR India	CFR China	China Domestic [^]
Benzene	875.50-876.50*	882.00-884.00*	859.50-860.50 FOB*		882.50-883.50	
H2 Aug	871.00-873.00		-17			
H1 Sep	876.00-878.00		-17		882.00-884.00	
H2 Sep	876.00-878.00		-17		882.00-884.00	
H1 Oct	873.00-875.00				882.00-884.00	
H2 Oct	873.00-875.00				882.00-884.00	
East China prompt						6980-7000
East China Bal-M1						7030-7050
East China M2						7060-7080
Benzene Paper Swaps:						
Bal month Aug	874.50-876.50					
Sep	872.50-874.50					
Oct	872.50-874.50					
Nov	872.00-874.00					
Toluene	799.00-801.00 FOB*	819.00-821.00**	834.00-836.00**	854.00-856.00	814.50-815.50** 819.50-820.50++	6609-6611**
H2 Aug	799.00-801.00		799.00-801.00 FOB*		814.00-816.00** 819.00-821.00++	
H1 Sep	799.00-801.00				814.00-816.00** 819.00-821.00++	
H2 Sep	799.00-801.00				814.00-816.00** 819.00-821.00++	
H1 Oct	799.00-801.00				814.00-816.00** 819.00-821.00++	
H2 Oct	799.00-801.00				814.00-816.00** 819.00-821.00++	
SOL-MX	776.00-778.00**	-	816.00-818.00 CFR**	-	802.00-804.00++	
ISO-MX	882.50-883.50#	893.50-894.50***				
H2 Aug	885.00-887.00	895.00-897.00				
H1 Sep	882.00-884.00	893.00-895.00				
H2 Sep	882.00-884.00	893.00-895.00				
H1 Oct	882.00-884.00	891.00-893.00				
OX	929.00-931.00**		939.00-941.00 CFR**	919.00-921.00**	951.00-953.00**	
PX	1099.67-1101.67*	1118.67-1120.67+	1107.00-1109.00+		-	
H2 Aug	1118.00-1120.00	1137.00-1139.00				
H1 Sep	1115.00-1117.00	1134.00-1136.00				
H2 Sep	1115.00-1117.00	1134.00-1136.00				
H1 Oct	1092.00-1094.00	1111.00-1113.00				
H2 Oct	1092.00-1094.00	1111.00-1113.00				
Styrene	1439.50-1440.50 *	1466.00-1468.00	1440.50-1441.50 CFR**	1444.50-1445.50**	1474.50-1475.50++	
H2 Aug	1456.00-1458.00				1494.00-1496.00	
H1 Sep	1439.00-1441.00				1474.00-1476.00	
H2 Sep	1439.00-1441.00				1474.00-1476.00	
H1 Oct	1434.00-1436.00				1469.00-1471.00	
H2 Oct	1434.00-1436.00				1469.00-1471.00	
East China prompt						12290-12310
East China Bal-M1						12210-12230
East China M2						11940-11960
Methanol	413.00-415.00 CFR	396.00-398.00	434.00-436.00 CFR	379.00-381.00	391.00-393.00**	3299-3301*
Methanol CP CFR Asia (AUG)	480.00					
MTBE	756.50-758.50 FOB Singapore		MTBE factor: 1.110	-		

Weekly Averages

Benzene	871.97-872.97	FOB Korea	SM	1403.30-1404.30	FOB Korea
Benzene	874.40-875.40	CFR China	SM	1430.40-1432.40	CFR Taiwan
Benzene	855.30-856.30	FOB SEA	SM	1438.90-1439.90	CFR China
Toluene	785.80-787.80	FOB Korea	SM	11982-12002**	East China prompt [^]
Toluene	804.50-805.50**	CFR China	SM	11917-11937**	East China Bal-M1 [^]
Toluene	809.50-810.50++	CFR China	SM	11745-11765**	East China M2 [^]
Toluene	6515-6517**	China Domestic [^]	Methanol	395.80-397.80	CFR China
PX	1073.80-1075.80	FOB Korea	Methanol	437.20-439.20	CFR SE ASIA
PX	1092.80-1094.80	CFR Taiwan/China	Methanol	3125.00-3127.00	China Domestic [^]
Iso-MX	871.50-872.50	FOB Korea	MTBE	763.70-765.70	FOB Singapore
Iso-MX	886.30-887.30	CFR Taiwan	MTBE factor	1.110	
			Naphtha (Aug 03)	656.25-661.75	CFR Japan

*LC at sight, **LC 0-30 days, ***0-30 days for Asia origin cargoes and 0-60 days for deep-sea origin cargoes. +LC 30-45, #LC 30 days, ++LC 90 days. Note: Paraxylene CFR assessments are basis CFR Taiwan/China. Styrene CFR assessments are basis CFR Taiwan/China. Credit differentials calculated using 1 month LIBOR +1.5%. No balance-month assessments from 16th of each month. PTA CFR China assessments reflect Friday's MOC assessment. [^]in Yuan/mt

OLEFINS (\$/mt)

	FOB Korea	CFR Taiwan	CFR SE Asia	FOB Japan	CFR China	CFR NE Asia
Ethylene**	1339-1341		1234-1236			1359-1361
Propylene**	1069-1071	1089-1091	999-1001	1049-1051	1099-1101	
Butadiene**	1699-1701	1699-1701	1654-1656		1659-1661	

Weekly Averages

	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Average
Ethylene CFR NE Asia	1349-1351	1349-1351	1349-1351	1349-1351	1359-1361	1351.00-1353.00
Ethylene CFR SE Asia	1234-1236	1234-1236	1234-1236	1234-1236	1234-1236	1234.00-1236.00
Propylene FOB Korea	1069-1071	1069-1071	1069-1071	1069-1071	1069-1071	1069.00-1071.00
Propylene CFR China	1089-1091	1089-1091	1089-1091	1094-1096	1099-1101	1092.00-1094.00
Butadiene CFR China	1619-1621	1629-1631	1634-1636	1634-1636	1659-1661	1635.00-1637.00
Butadiene FOB Korea	1669-1671	1669-1671	1674-1676	1674-1676	1699-1701	1677.00-1679.00

**LC 0-30 days, +LC 30-45, #LC 30 days, ++LC 90 days. Credit differentials calculated using 1 month LIBOR +1.5%.

FIBER INTERMEDIATES (\$/mt)

	CFR SE Asia	CFR India	CFR China	China Domestic^
PTA	881-883	882-884	869-871	6890-6910
MEG++	959-961		929-931	

Weekly Averages

	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Average
PTA CFR China	869-871	867-869	869-871	869-871	869-871	868.60-870.60
PTA China Domestic^	6630-6650	6600-6620	6640-6660	6840-6860	6890-6910	6720.00-6740.00
MEG CFR China	950-952	931-933	931-933	934-936	929-931	935.00-937.00
MEG China Domestic^	7780-7800	7700-7720	7690-7710	7780-7800	7900-7920	7770.00-7790.00

^in Yuan/mt

Benzene

- Chinese domestic prices surge Yuan 550-700/mt
- Market shifts into backwardation amid plant issues

Asian benzene prices rose this week, with FOB Korea assessed higher by \$18.33/mt week on week at \$876/mt Friday, while the CFR China marker was assessed at \$883/mt, up \$23/mt over the same period. Talk in the market this week was on plant troubles in Asia, affecting cargoes for September and October loading. This resulted in the market structure flipping into a backwardation, as market participants were more keen to buy benzene for September loading. The September/October spread stood at \$3/mt Friday, from parity last Friday. Meanwhile, unplanned shutdowns in September would amount to a loss of approximately 26,600 mt/year in nameplate capacity. South Korea's Hanwha Total's No. 2 BTX unit will be shut for two weeks in September, while Japanese JX Nippon Oil & Energy's Wakayama unit will be shut for a month from mid-September. Also, off-spec benzene had earlier been heard delivered to end-users from a Southeast Asian plant. However, a company source said this week that there were no operational issues. Rising domestic prices in East China, by around Yuan 550-700/mt week on week, had also lent support to the market this week. Market sources attributed the upswing to firm margins between benzene and downstream products such as styrene and phenol. "Quantitative easing [in the Chinese market] resulted in an increase in supply of money, and prices rose," an analyst based in China said Friday. The prompt domestic East China marker was assessed higher by Yuan 150/mt day on day at Yuan 6,990/mt Friday or \$864.69/mt on an import parity basis, while balance August cargoes were assessed higher by Yuan 170/mt over the same period at Yuan 7,040/mt (\$870.87/mt). September domestic cargoes were assessed

higher by Yuan 150/mt day on day at Yuan 7,070/mt (\$874.58/mt) Friday. Platts launched domestic East China assessments on August 1. Inventory levels in the Chinese market fell 6,900 mt over the week to 201,100 mt Friday. Over in the Southeast Asian market, demand was heard stable, as an end-user noted that requirements for September had been covered, with CFR Singapore cargoes heard last concluded at single-digit premiums to the benchmark FOB Korea marker. A producer also noted waning demand for Asian benzene from Saudi Arabia, as the country had begun to import Iranian cargoes for the production of phenol/acetone. This was expected to affect the sale of downstream products to Asia. Demand from Europe and the US continued to be heard for benzene from India, with tenders heard last heard concluded at discounts of \$40/mt to the FOB Korea benchmark, on a FOB India basis. October FOB USG prices were assessed higher by 9.50 cents/gal week on week at 300 cents/gal Thursday, or \$897/mt. Benzene CIF ARA was up \$10/mt over the week at \$870/mt Thursday, with at least 25,000 mt of benzene heading to Europe from India expected in August.

Rationale

FOB Korea benzene rose \$6.33/mt on the day at \$876/mt Friday, amid strength in the Chinese market. The marker takes the average of the third, fourth and fifth half-month laycans, namely H1 and H2 September, and H1 October. The H1 and H2 September laycans were assessed at \$877/mt FOB Korea, above AFCO's bid at \$872/mt FOB Korea. The H1 October laycan was assessed at \$874/mt FOB Korea, above AFCO's bid at \$871/mt FOB Korea. The CFR China marker was assessed higher by \$9/mt day on day at \$883/mt Friday, amid firm buying sentiment for October cargoes. The prompt domestic East China marker was assessed up Yuan 150/mt on the day at Yuan 6,990/mt Friday, while balance August cargoes were assessed at Yuan 7,040/

mt, up Yuan 170/mt. September domestic cargoes were assessed higher by Yuan 150/mt day on day at Yuan 7,070/mt. CFR Taiwan was assessed up \$23/mt week on week at \$883/mt Friday, tracking the rise in CFR China.

Bids/offers/trades

MOC bids/offers/trades:

MOC deal summary:

- None

MOC outstanding interest:

MOC bids:

B1) AFCO bids Sep at \$872/mt FOB Korea 3kt, bb YOU, L/C at sight, OCO

B2) AFCO bids Oct at \$871/mt FOB Korea 3kt, bb YOU, L/C at sight, OCO

MOC offers:

S1) AFCO offer Sep/Oct at \$+5/mt FOB Korea 3kt, bb YOU, L/C at sight

Exclusions: No MOC market data was excluded from the August 3, 2018 assessment

Toluene

- E China inventory stable, S China falls
- Domestic prices surge Yuan 85/mt on day

Demand remained stable in the Asia toluene market Friday. The recent volatility in prices led buyers to adopt a wait-and-see approach. The FOB Korea marker was assessed up \$9/mt on the day at \$800/mt Friday on higher bids with firmer upstream crude oil futures. The CFR China marker was assessed at \$820/mt CFR China, up \$5/mt on the day. In the Chinese market, east China inventories were stable on the week at 30,000 mt, while South China inventories fell 39% at 6,100 mt. In the Chinese market, domestic prices were assessed at Yuan 6,600/mt, up Yuan 85/mt on the day or \$802.89/mt on an import parity basis. October ICE Brent gained 88 cents/b at \$73.23/b at the 0830 GMT Asian close Friday.

Rationale

The FOB Korea marker was assessed at \$800/mt FOB Korea Friday, up \$9/mt on the day. The marker takes the average of the third and fourth half-month laycans, currently H1 and H2 September. No transparent deals, bids or offers were seen during the Platts Market on Close process. Earlier, a September bid was seen at \$799/mt FOB Korea. Both September laycans were assessed at \$800/mt, up \$9/mt on the day. The CFR China marker was assessed at \$820/mt, up \$5/mt in line with gains in the FOB Korea market and domestic China markets.

Solvent - MX

- Firmer prices in isomer-MX and toluene
- Solvent-MX and naphtha spread widens \$41.50/mt

Asian solvent-grade mixed xylenes was assessed \$15-\$28/mt higher on the week to \$777/mt FOB Korea and \$803/mt CFR China, despite weaker upstream naphtha. Although Benchmark Mean of Platts Japan Naphtha fell \$13.50/mt on the week, the spread between solvent-MX and naphtha rose \$41.50/mt at \$118/mt Friday. Firmer prices were seen in related products such as isomer-MX and toluene. Isomer-MX rose \$23.50/mt on the week at \$883/mt Friday. On Wednesday, Taiwan's

POLYMERS (\$/mt)

	CFR Far East	CFR SE Asia	CFR S Asia
PVC SUSP	959-961	944-946	984-986
LDPE G-P	1139-1141	1159-1161	
LLDPE Butene	1099-1101	1119-1121	1129-1131
LLDPE Metallocene C6	1249-1251	1269-1271	1279-1281
HDPE YARN	1289-1291	1309-1311	
HDPE INJ	1179-1181	1209-1211	1219-1221
HDPE BLMDG	1299-1301	1319-1321	1324-1326
HDPE FILM	1304-1306	1324-1326	1329-1331
PP RAFFIA	1199-1201	1229-1231	1264-1266
PP INJECTION	1199-1201	1219-1221	1259-1261
IPP FILM	1209-1211	1249-1251	1279-1281
BOPP	1219-1221	1264-1266	1284-1286
BLOCK COPOL	1239-1241	1274-1276	1294-1296
PS G-P	1479-1481	1499-1501	
HIPS	1579-1581	1599-1601	
ABS INJ	1929-1931	1944-1946	

For PVC, PS, ABS and C6 mLLDPE, FE Asia refers to China. All polymer assessments are basis L/C 0-30 days. Credit differentials calculated using 1 month LIBOR +1.5%.

CHINA DOMESTIC (Yuan/mt ex-works)

LDPE	9430-9470
LLDPE	9480-9520
HDPE FILM	10980-11020
PP RAFFIA	9480-9520
PVC ethylene-based	7390-7410
PVC carbide-based	6990-7010

WEEKLY AVERAGES (CFR FE Asia)

HDPE	1307.00-1309.00
LDPE	1139.00-1141.00
LLDPE	1101.00-1103.00
PP RAFFIA	1204.00-1206.00
PP INJECTION	1200.00-1202.00

WEEKLY AVERAGES (FOB Middle East)

HDPE	1285.00-1287.00
LDPE	1117.00-1119.00
LLDPE	1079.00-1081.00
PP RAFFIA	1182.00-1184.00
PP INJECTION	1178.00-1180.00

Note: Weekly polymer assessments are made each Wednesday for Far East Asia, SE Asia, and W Asia. In addition, weekly averages of the daily PE and PP Far East assessments are published each Friday and represent the average of the assessments from previous Thursday through Wednesday.

ASIAN STYRENE MARGIN HITS HIGHEST SINCE MID-JUNE



Source: S&P Global Platts

CPC sold 4,500 mt of solvent-MX for September-loading at \$773/mt FOB Taiwan to a US trading company, S&P Global Platts reported earlier. CFR China was assessed up \$28/mt on the week at \$803/mt Friday. Buy ideas for CFR China were heard between \$775-\$790/mt for H2 August and H1 September cargoes, while domestic cargoes were heard tradeable at Yuan 6,800/mt in East China on an ex-tank basis. This equated to \$808.87/mt on an import parity basis. East China inventory for mixed xylenes, comprising of both isomer-MX and solvent-MX rose week on week by 2.7% to 38,000 mt. In Southeast Asia, discussion for September cargoes were between \$810-\$820/mt this week. The location spread between FOB Korea and CFR Southeast Asia stood at \$40/mt this week.

Rationale

Solvent-MX was assessed at \$777/mt FOB Korea Friday, up \$28/mt week on week, below tradeable indications heard at \$780/mt. On Wednesday, Taiwan's CPC sold 4,500 mt solvent-MX for September loading at \$773/mt FOB Taiwan. CFR China marker was assessed up \$28/mt week on week at \$803/mt, with buy ideas heard between \$775-\$800/mt for August and September cargoes. A buy idea for CFR Southeast Asia was heard at \$800-\$810/mt, below the price assessed at \$817/mt.

Paraxylene

- Oct trades at \$1,112/mt
- Sinopec nominates Aug PX CP at Yuan 8,300/mt

Asian PX prices rose \$20 on the day to \$1,100.67/mt FOB Korea and \$1,119.67/mt CFR Taiwan/China Friday, ending a week in which the paraxylene market hit multi-year highs, with selling firmly outweighed by buying. As over the last two weeks, the movements was driven by a combination of short-covering of September cargoes as well as an uninterrupted run of daily surges in the ZCE September purified terephthalic acid futures contract, which closed in afternoon trade 5% higher from the previous settle price at Yuan 6,886/mt. The CFR Taiwan/China price Friday hit its highest since October 9, 2014, while the spread to the CFR Japan naphtha marker, assessed at \$460.67/mt Friday, was the highest since August 19, 2014. The backwardation between September and October widened steadily over the week to \$23/mt Friday, a movement that paralleled a gradual petering out of selling of September cargoes by Friday. The forward structure also indicated a steep backwardation, with December estimated at at least \$50/mt lower than September. "However, buyers are only looking to close out their September shorts, and not at the expense of adding to their short position in the forward months, which is why the inter-month swaps are becoming wider," a swap seller said. Premiums for September-delivery cargo to the September average of the CFR Taiwan/China marker were seen bid at \$23/mt, with bids for October at the October average last seen bid at a premium of \$18/mt, against no offers. On the tender front, Indian producer ONGC Mangalore Petrochemicals Ltd.'s tender for 60,000 mt/month of cargo loading from October 1, 2018-March 31, 2019 is due to be announced by the close of business Friday, with traders having submitted bids for the volume as well as the price in two stages. Participants noted the difficulty in estimating "a good price" because the loading dates straddle the industry's term-contract negotiations for PX supply in

CHINA TOLUENE, MX, STYRENE INVENTORY LEVELS

Product	Inventory level (mt)	Prior week(mt)	Change on week(%)
East China:			
Toluene	30000	30000	0.00
Mixed Xylenes	38000	37000	2.70
Styrene	45000	36300	23.97

South China:

Toluene	6100	10000	-39.00
Mixed Xylenes	2500	3000	-16.67
Styrene	6200	6200	0.00

ASIAN AROMATICS SHIPPING ROUTES

Spot freight to/from Korea & USGC

From: To:	Korea 2-3kt	Korea 5kt	USGC 5-12kt
Korea			55-57 (SM, PX, MX)
Taiwan	24-26 (BTX, SM)	20-22 (PX)	52-57 (PX, MX)
East China	22-25 (BTX, SM)	17-20 (PX)	50-55 (SM, PX, OX)
South China	26-28 (SM, Tol)	22-24 (PX)	50-55 (PX)
India	55-57 (Tol)		
USGC	50-55 (10kt Bz, Tol)		

Spot freight from Southeast Asia

From: To:	Pasir Gudang 3kt	Map Ta Phut 3kt	Indonesia 3kt
Singapore	16-19 (Bz)	23-25 (Bz)	22-25 (Bz)
Indonesia	24-27 (Tol)		
East China			39-42 (SM)
Korea			40-43 (Bz)
Taiwan		34-36 (Tol)	
India	41-45 (OX)	44-49 (OX)	
Al-Jubail			60-65 (Bz)

Spot freight from Middle East

From: To:	Middle East 2-3kt	Middle East 5-7kt
Singapore	42-48 (SM, MTBE)	
Korea		48-53 (PX)
Taiwan	58-60 (SM)	
East China	60-62 (SM, OX)	
South China	54-56 (SM)	
India	37-39 (SM, OX)	
Southeast Asia		37-41 (PX)

Spot freight from India

From: To:	India 3kt	India 5-7kt	India 10kt
Singapore	37-42 (Bz)		
Indonesia		29-34 (PX)	
East China	46-51 (OX)	39-44 (PX)	38-42 (PX)
South China/Taiwan			35-39 (PX)
Pakistan		14-17 (PX)	
Middle East		19-23 (Bz)	

*Key: BTX = Bz, Tol, xylenes (OX, MX, solvent-MX); Bz = benzene, Tol = toluene, SM = styrene monomer, MX = isomer-mixed xylenes, PX = paraxylene, OX = orthoxylene, Sol-MX = solvent-mixed xylenes, MTBE = methyl tertiary-butyl ether

*Please refer to the methodology guide for details on port locations

2019, which usually takes place in November. "A new discount will be negotiated for 2019, which may make the price we bid at for these cargoes loading in the first quarter extremely unattractive," a Japanese trader said. Also, state-owned China Petroleum and Chemical Corp (Sinopec) has nominated its August paraxylene contract price at Yuan 8,300/mt, equating to about \$1026.74/mt on an import parity basis, sources close to the matter said Friday. The nomination was up Yuan 160/mt from the July settlement price.

Rationale

Asian PX prices were assessed \$20 higher from Thursday at \$1100.67/mt FOB Korea and \$1,119.67/mt CFR Taiwan/China Friday. The markers take an average of the H2 September, and H1 and H2 October laycans. The October laycans were assessed at \$1112/mt, at the level of a trade between BP Singapore and GS Caltex. The backwardation between September/October was assessed at \$23/mt, unchanged from the previous assessment, with the September laycans thus assessed at \$1,135/mt. The above rationale applies to the following market data codes: "PHASS05" for FOB Korea and "AAQNE00" for CFR Taiwan/China.

Bids/offers/trades

MOC deal Summary:

D1) Platts PX MR CFR TW-CN Oct18, GSCALTEXCORP buys from BPSG at \$1112.00 for 5

MOC Outstanding Interest:

MOC bids:

B1) Platts PX Asia Origin CFR TW-CN Sep18, LITASCO <P> bids \$1123.00 for 5

B2) Platts PX Asia Origin CFR TW-CN Oct18, GSCALTEXCORP <P> bids \$1110.00 for 5

B3) Platts PX Asia Origin CFR TW-CN Oct18, GLENCORESG bids \$1108.00 for 5

B4) Platts PX Asia Origin CFR TW-CN Oct18, LITASCO <P> bids \$1105.00 for 5

B5) Platts PX Asia Origin CFR TW-CN Oct18, MERCURIASG <P> bids \$1099.00 for 5

MOC offers:

- None

Exclusions: No MOC market data was excluded from the August 3, 2018 assessment process

Isomer - MX

- Supply tightens in Asian PX, gasoline markets
- PX/isomer-MX spread widest since April

Asia's isomer-MX market firmed Friday, with buying interest heard for September and H1 October cargoes on a FOB Korea basis. Week on week, isomer-MX rose \$23.50/mt at \$883/mt FOB Korea Friday. Downstream paraxylene and purified terephthalic acid futures were seen firmer day on day. In related markets, gasoline, which requires isomer-MX as a blendstock, has seen market tightness in Japan stemming from refinery turnarounds and outages, S&P Global Platts reported earlier. "Market participants are saying that the MX supply is tight as inventory levels for Korean paraxylene are low at this moment," a South Korean trader said. According to

FOREIGN EXCHANGE RATES

AUD/USD	0.74/0.74
EUR/USD	1.16/1.16
GBP/USD	1.30/1.30
USD/JPY	111.74/111.77
USD/HKD	7.85/7.85
USD/MYR	4.08/4.09
USD/SGD	1.37/1.37
USD/YUAN	6.8322

CONTRACT PRICES (\$/mt)

Paraxylene

PX average CP settlements (Aug)	1060	CFR Asia
ExxonMobil	1060	CFR Asia
Idemitsu	1060	CFR Asia
JXTG Nippon	1060	CFR Asia
S-Oil	1060	CFR Asia
SKGC	1060	CFR Asia
PX producer CP nominations (Aug)		
ExxonMobil	1120	CFR Asia
Idemitsu	1100	CFR Asia
JXTG Nippon	1100	CFR Asia
S-Oil	1120	CFR Asia
SKGC	1120	CFR Asia
Sinopec CP nomination (Aug):	1027	
Sinopec CP settlement (July):	1018	
Sinopec CP nomination (Aug):	Yuan 8300	
Sinopec CP settlement (July):	Yuan 8140	

Benzene

JXTG Nippon nomination (August):	875
JXTG Nippon settlement (August):	860

MEG

Producer CP nominations (AUG)		
MEGlobal	1120	CFR Asia
Sabic	1080	CFR Asia
Shell	NA	CFR Asia

market participants, the spread between PX and isomer-MX which is at its widest this week since April, has resulted in stronger demand and higher prices for isomer-MX. In East China's market, domestic prices rose Yuan 70/mt day on day and Yuan 220/mt over the week to Yuan 6,920-6,930/mt for 99% purity cargoes. On an import parity basis, this translated to \$848.38, after taking into account import duty, value added tax, foreign exchange conversion and various costs.

Rationale

Isomer-MX was assessed higher by \$14/mt day on day at \$883/mt FOB Korea Friday, and up \$12/mt at \$894/mt CFR Taiwan. The marker takes the average of the third and fourth half-month laycans, namely H1 September and H2 September laycans. There was no transparent bids and offers during the Platts Market on Close assessment process. H1 and H2 September climbed \$14/mt day on day to be assessed at \$883/mt FOB Korea, above the best bid heard at \$882/mt. H1 October was assessed at \$883/mt, above the bid last heard at \$873/mt. In the CFR Taiwan market, H1 and H2 September were assessed at \$894/mt, tracking the rise in the FOB Korea market. The above rationale applies to the following market data codes: PHAU00 for FOB Korea and PHAUT00 for CFR Taiwan.

Orthoxylene

- PX surges \$69.34/mt on week
- PA rises \$20/mt on week

Asian orthoxylene was assessed up \$52/mt on the week at \$952/mt CFR China Friday, above a bid heard at \$950/mt for September-arrival cargoes, versus one offer heard at \$1,050/mt from a producer in India. Producers of OX were weighing the value of producing OX versus rising paraxylene prices, which rallied \$69.34/mt week on week to \$1,119.67/mt CFR Taiwan/China on Friday. With the spread between PX and OX remaining wide at \$167.67/mt this week, the spot supply of OX could still remain tight. But cargoes were heard being sold in Northeast Asia. In the China domestic market, Sinopec again raised its ex-tank prices by Yuan 200/mt this week to Yuan 7,100/mt, market sources said. The price equals around \$878.30/mt on an import parity basis. Tank stocks at the key port of Zhangjiangang was this week heard around 28,000 mt, compared with around 40,000 mt usually. In downstream markets, Chinese buyers increased their bids for phthalic anhydride this week. The CFR China marker was assessed up \$20/mt on the week at \$930/mt CFR China, while the CFR SEA marker was assessed down \$10/mt on the week at \$1,030/mt on Thursday. In other related markets, isomer-grade mixed xylenes rose on the week by \$23.50/mt to \$883/mt FOB Korea.

Rationale

Asian OX was assessed up week on week by \$52/mt at \$952/mt CFR China, above a bid that was heard repeated twice Friday at \$950/mt from trader Raystar versus an offer from an Indian producer at \$1,050/mt for September-arrival cargoes. The FOB Korea marker was assessed up \$25/mt at \$930/mt, tracking the CFR China price. CFR Southeast Asia OX was assessed up \$40/mt at \$940/mt, while CFR India marker was up \$25/mt at \$920/mt, tracking the CFR China marker and rising prices in related markets.

Styrene

- TSMC restarts plant
- Domestic prices rally

CFR China styrene monomer prices surged this week tracking fast rising domestic prices amid production issues in Taiwan and China, as well as reports of similar issues also happening in Europe. The CFR China marker increased by \$72/mt week on week to \$1,475/mt on Friday, the highest price since June 12, then at \$1,485/mt CFR China. Also domestic prices in China rallied, with the prompt price assessment surging by Yuan 640/mt week on week to Yuan 12,300/mt on Friday, which equates to about \$1,530/mt on an import parity basis. In related market news, Taiwan Styrene Monomer Co. is in the process of restarting its 180,000 mt/year No. 1 SM plant at Linyuan after it was shut Thursday following a technical glitch, a company source said Friday. The source explained that the plant had encountered a pressure issue, which was a minor problem. The company's 160,000 mt/year No. 2 SM plant is currently shut for planned maintenance since July 23, and is expected to restart early next week, the source added. Similarly in China, a Chinese SM producer had been told to lower operating rates after recent checks by authorities, as well as end-users coming to the

SUBSCRIBER NOTICE

Platts launches prompt, forward domestic China benzene assessments

S&P Global Platts will launch daily prompt and forward domestic China benzene assessments and their import-parity equivalents on August 1, 2018. The new assessments reflect increased interest from the market to understand daily price trends in the domestic East China market. The domestic China benzene assessments will comprise three markers; the East China prompt marker, East China Bal-M1 marker and East China M2 marker. The East China prompt marker will reflect prices of cargoes in Yuan up to 10 days forward from date of publication. The East China Bal-M1 marker will reflect prices of cargoes in Yuan loaded within the current calendar month from date of publication. The East China M2 marker will reflect prices of cargoes in Yuan loaded within the second calendar month from date of publication. The import-parity equivalents of the prompt, Bal-M1 and M2 markers will be published using standard tax rates applicable on import cargoes and the USD/yuan exchange rate issued by the Development Bank of Singapore. More details will be available in the Platts Asia-Pacific Petrochemicals methodology and specifications guide. Platts proposes to assess on an ex-tank loading basis out of two main ports located in East China, Jiangyin and Changzhou. The minimum volume assessed will be 500 mt, and the maximum volume will be 1,000 mt, in line with the standard parcel size traded in the domestic Chinese market. Platts will assess cargoes with quality specifications conforming to the latest edition of international standard ASTM D-2359. Platts will consider cargoes transacted on standard credit terms per market practice, as agreed between counterparties. Prices will be based on latest information sourced from the market up to the close of the assessment period at 4:30 pm Singapore time (0830 GMT) daily. Please direct any questions or comments to petchems@spglobal.com with a copy to pricemethodology@spglobal.com. For written comments, please provide a clear indication if they are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make those not marked as confidential available upon request.

Singapore National Day publishing schedule for Platts Asia Petrochemicals

The S&P Global Platts office in Singapore will be closed Thursday, August 9, 2018, for the Singapore National Day holiday, and there will be no petrochemical publications or assessments from Singapore on that day. The weekly petrochemical assessments published on Thursdays will be brought forward by one day to Wednesday, August 8. The normal Singapore publishing schedule will resume on Friday, August 10. For full details of Platts publishing schedule and services affected, refer to <http://www.platts.com/HolidayHome>. For queries, please contact support@spglobal.com.

Macquarie Commodities Trading (Singapore) to join Asia PX physical MOC

Macquarie Commodities Trading (Singapore) Pte Limited has advised S&P Global Platts that it would like to participate in the Platts Asia Market on Close assessment process for Asia paraxylene physical. Platts has reviewed Macquarie Commodities Trading (Singapore) Pte Limited and will consider information from Macquarie Commodities Trading (Singapore) Pte Limited in the Asia assessment process for Asia paraxylene physical, subject at all times to adherence to Platts editorial standards. Platts will publish all relevant information from Macquarie Commodities Trading (Singapore) Pte Limited accordingly. Platts welcomes all relevant feedback regarding MOC participation. Platts considers bids, offers and transactions by all credible and creditworthy parties in its assessment processes. For comments and feedback, please contact Platts editors at petchems@spglobal.com and moc_review@spglobal.com.

Platts corrects July 30 China Domestic Styrene assessments

The S&P Global Platts daily China Domestic Styrene assessments have been corrected for July 30 as follows:

	Symbol	Low-High	Midpoint	Change
East China Bal-M1	<AAQUA00>	11780.00-11800.00	11790.000	+170.000
East China M2	<AAQUB00>	11620.00-11640.00	11630.000	+270.000

The Platts database symbols of the corrected assessments are as above. The assessments can be found in Platts Petrochemical Alert on page 340, 542 and 215. For comments or queries please contact petchems@spglobal.com.

market to buy spot cargoes, market sources said earlier in the week. Overnight, European styrene spot prices soared to a two-month high Thursday amid a production issue in the market, according to S&P Global Platts data. The 5-30 day forward styrene spot price was assessed at \$1,371/mt FOB ARA Thursday, up \$53/mt on the day, and reaching a two-month high. Sources said that there was a production issue in the market though no details could be fully corroborated by Platts. In related news, Japan's exports of SM fell 16.8% in June to 44,025 mt from 52,893 mt in May, latest customs data shows. However, exports rose 17.1% year on year.

Rationale

Asian SM was assessed at \$1,440/mt FOB Korea and \$1,475/mt CFR China Friday, both markers up \$10/mt day on day. The CFR China and FOB Korea SM markers currently take into account the average of the H1 and H2 September laycans. There were no transparent bids and offers during the Platts Market on Close assessment process. Prior to the MOC process, early in the day, September arrival bids were heard at \$1,450-\$1,455/mt CFR China, while offers were elusive. The September laycans were assessed above the bids at \$1,475/mt CFR China, also considering August-arrival bids heard rising early in the day close to \$1,500/mt CFR China. The August-September backwardation was assessed stable on the day at \$20/mt. Chinese domestic prices also rose, with September prices assessed up Yuan 130/mt to Yuan 11,950/mt, or \$1,486.50/mt on an import parity basis.

Methanol

- East China's domestic prices rise Yuan 240/mt
- Iran's Zagros restarts No. 2 plant Friday

CFR China methanol was assessed at \$392/mt Friday, down \$6/mt week on week, between on a firm bid and a firm offer during the Platts Market on Close assessment process. China's domestic prompt prices rose Yuan 240/mt over the week to Yuan 3,300/mt Friday, or up by about \$27/mt to \$385/mt on an import parity basis. There were also expectations that an escalating US-China trade war might see the Chinese government use fiscal policies to support businesses, sources said. "News of the US threatening to raise tariffs to 25% from 10% on \$200 billion of Chinese goods gave the market expectations that China will begin stimulating its economy, since it can't retaliate to the US tariffs yuan for yuan. With PP [polypropylene] and MEG [monoethylene glycol] up, MTO margins are suddenly on more solid footing, boosting methanol prices this week," a trader said. "Downstream petrochemicals feeding into the construction sector, such as acetic acid, formaldehyde are also expected to benefit," the trader added. Methanol inventories in eastern China's Jiangsu province edged up 1,800 mt to 266,600 mt Thursday, significantly lower than expected, because of better demand from methanol-to-olefin plants, traders said. MTO operators said domestic prices of downstream PP and MEG in China were improving, giving their bottom lines some breathing room. Operations at the Ningbo Fund Energy MTO plant for one, was at full capacity, according to a company source. In plant news, Iran's Zagros Petrochemical Co. restarted its 1.65 million mt/year No. 2 methanol plant at Assaluyeh Friday, after shutting the unit on Sunday because of a technical issue. The No. 2 unit has been mostly shut since July 21, also because of a technical issue.

SUBSCRIBER NOTICE (continued)

Platts intends to launch East China, Shandong propylene assessments Aug
S&P Global Platts intends to launch two daily, domestic China assessments with effect from August 20. The new propylene assessment will reflect trade activity in east China as well as Shandong, China and will capture increases in trade flows in the local market. The assessments will reflect domestic cargoes assessed in Yuan, 0-10 days forward from the date of publication. The cargo size of the assessment is 100-500 mt and Platts will assess cargoes with quality specifications conforming to the Polymer grade with minimum purity of 99.6%. Payment terms are assessed at-sight basis with cash payment or standard payment terms to apply. Prices will be based on latest information sourced from the market up to the close of the assessment window at 4:30PM Singapore time (0830 GMT) daily. Platts will continue to research the proposal to launch daily east China and daily Shandong ex-works propylene assessments, and is extending the feedback period to July 31, 2018 with a proposed launch date of August 20, 2018. Please direct any questions or comments to petchems@spglobal.com with a copy to pricemethodology@spglobal.com. Please provide a clear indication if comments are intended for publication by Platts for public viewing. Platts will consider all comments received and will make these comments available on request.

Platts proposes to move CFR India methanol weekly assessment, MOC to Wed
S&P Global Platts is proposing to change the weekly CFR India methanol assessment and Market on Close process from Fridays to Wednesdays with effect from September 3. This is to better capture trade flows in the India market and to allow for greater MOC participation of companies in the Middle East, which are closed on Fridays. The weekly assessments will now take into consideration price information gathered up to the close of the MOC at 4:30 pm Singapore time on Wednesday. The change in the day will impact the weekly CFR India assessment currently published on PCA 348 and under the symbol AABAG00. These will be published on a separate page on Wednesdays. Platts will inform subscribers of the new PCA page for this assessment in due course. Asia Petrochemical Scan will continue to carry the weekly CFR India prices as these will be published with an asterisk to denote that the assessments were published on Wednesday. Please direct any questions or comments to petchems@spglobal.com with a copy to pricegroup@spglobal.com. For written comments, please provide a clear indication if they are not intended for publication by Platts for public viewing.

Platts delays launch of CFR India assessment for solvent-MX to Oct
S&P Global Platts will delay the launch of the weekly CFR India assessment for solvent-grade mixed xylene assessment from the initial date of August 1, to October 1, 2018. Ports included in the assessment will be Mumbai and Kandla. The delivery laycan assessed will be identical to that of the other solvent-MX assessments, 20-40 days forward, and the cargo size 1,000-2,000 mt. The standard credit terms will be letter of credit 90 days. Please direct any questions or comments to petchems@spglobal.com with a copy to pricegroup@spglobal.com. For written comments, please provide a clear indication if they are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make those not marked as confidential available upon request.

Platts proposes to discontinue locations reflected in Asia benzene CFR China ports

S&P Global Platts proposes to discontinue reflecting in its assessment of the Asian Benzene CFR China marker, under the section Basis and Locations, the following ports: Taizhou and Zhangjiagang, from September 3, 2018. The proposal to discontinue the inclusion of these ports in the assessment follows feedback from the market of reduced liquidity and spot trading activity in these locations. Platts will continue to reflect in its Asian Benzene assessment the remaining locations included in the Asian Benzene methodology as FOB Korea (Onsan, Ulsan, Yeosu); CFR China (Caojing, Ningbo, Jiangyin, Changzhou);

Rationale

The CFR China methanol marker fell \$6/mt week on week to \$392/mt Friday. At the close of the Platts Market on Close assessment process, there was a bid by OTI at \$390/mt for a 5,000 mt cargo for September 1-12 arrival against an offer by Sinopec HK at \$393/mt for a 5,000 mt cargo for September 1-12 arrival on a CFR China basis. The CFR China marker was assessed taking into account the bid and offer. The Chinese domestic price surged Yuan 240/mt to Yuan 3,300/mt. The CFR Southeast Asia marker fell \$4/mt week on week to \$435/mt Friday, with a tradable indication heard at \$435-\$440/mt CFR. The CFR Korea marker fell \$5/mt week on week to \$414/mt, below an offer heard at \$415-\$420/mt CFR. CFR Taiwan marker fell \$6/mt over the week to \$397/mt Friday, tracking the fall for China. The CFR India marker rose \$5/mt week on week to \$380/mt Friday, at the afternoon peg level, with a tradable indication heard at \$380-\$385/mt CFR.

MTBE

- 92 Ron prices up 74 cents/b on the day
- Trading activity subdued

Buying interest in the Asian MTBE market remained tepid as recent volatility in prices weighed on demand. The FOB Singapore MTBE marker was assessed at \$757.50/mt, up \$7/mt on the day with gains in 92 Ron gasoline prices. With the China-Asia arbitrage closed, demand remained weak for September cargoes. Benchmark Mean of Platts Singapore 92 RON gasoline rose 74 cents/b from Thursday to \$80.76/b Friday, while ICE October Brent crude futures moved up 88 cents/b to \$73.23/b at 0830 GMT. Competitive gasoline blending feedstock toluene FOB Korea marker was assessed at \$800/mt, up \$9/mt on the day.

Rationale

Asian MTBE was assessed at \$757.50/mt FOB Singapore Friday, up \$7/mt from Thursday. The MTBE factor was assessed at 1.110, stable day-on-day. During the Platts Market on Close assessment process, no bids or offers were registered. H2 August and H1 September laycans were assessed at \$757.50/mt, maintaining a flat July/August market structure. The above rationale applies to the following market data code: "PHALF11."

Bids/offers/trades

MOC Bids/offers/trades:

MOC deal Summary:

-None

MOC Outstanding Interest:

MOC bids:

-None

MOC offers:

-None

Exclusions: No MOC market data was excluded from the August 3, 2018 assessment process.

Ethylene

- NEA marker rises on firmer sentiment for Sep
- Bullish SM pushes up spot ethylene demand

From a week earlier, CFR Northeast Asia ethylene was stable week on

SUBSCRIBER NOTICE (continued)

CFR Taiwan (Kaohsiung, Keelung, Mailiao); FOB Southeast Asia: Singapore, Thailand (Map Ta Phut), Malaysia (Pasir Gudang), Indonesia (Tuban). Please direct any questions or comments to petchems@spglobal.com, with a copy to pricemethodology@spglobal.com.

week Friday, while the CFR Southeast Asia marker fell \$10/mt during the same period. Some spot deepsea cargoes were available from the Middle East. A 6,500 mt spot cargo from Saudi Arabia was heard traded for August 13-14 loading to Asia. Another 9,000 mt spot cargo was offered for August 20-21 loading as well from Saudi Arabia. And ex-Taiwan cargo was also reported to be available for end-August/early-September loading. Market sources said that sentiment in the Asian ethylene market was bearish this week for prompt August cargoes due to ample supply, especially from Southeast Asia. Ex-SEA spot cargoes are available amid negative polyethylene production margins. On Friday, the price spread between PE and ethylene was calculated at minus \$55/mt, according to S&P Global Platts data. This compares with a typical breakeven spread of plus \$150/mt. However, for September, market sentiment was firmer as spot supplies from SEA are expected to be limited due to the steam cracker turnaround season. Spot ethylene demand is high, especially in China, in line with a bullish downstream styrene monomer market. On Friday, CFR China SM was assessed up \$10/mt day on day to be assessed at \$1,475/mt, the highest level since June 12, Platts data showed. The SM margin was calculated at \$221/mt Friday, the highest level since June 14, according to Platts data.

Rationale

CFR Northeast Asia ethylene rose \$10/mt day on day to be assessed at \$1,360/mt on Friday. The H2 August market level was heard around \$1,350/mt CFR NEA, while a buying idea for September was heard at \$1,370/mt CFR NEA. S&P Global Platts assesses spot ethylene 20-40 days forward, or from August 22 to September 11. CFR Southeast Asia ethylene was assessed unchanged day on day at \$1,235/mt Friday, with traders putting the tradable level at \$1,200-\$1,250/mt CFR SEA.

MEG

- Market worries about ongoing yuan depreciation
- Exchange control restricts CFR China trades

The depreciation of the Yuan against the US dollar made imported monoethylene glycol cargoes more expensive than the domestic production. Only prompt CFR China cargoes were heard traded Friday, "market participants dare not to purchase 15-30 days forward imported cargoes amid the worry about ongoing weaker yuan in the near future," a trader said. In addition, the market faced restriction for trading dollar denominated cargoes. "(China) tightened regulation on the flow of foreign exchange in and out of the country, making it difficult for financial institutions to loan or exchange dollars in China," a market source said. Asia MEG CFR China was assessed down \$5/mt day on day at \$930/mt for 15-30 days forward cargoes. On the contrary, domestic trades were relatively active, supported by firm

demand from downstream polyester. The MEG domestic price at East China was assessed up Yuan 120/mt from Thursday at Yuan 7,910/mt for prompt delivery.

Rationale

Asian MEG was assessed down \$5/mt from Thursday at \$930/mt CFR China Friday reflecting tradeable indications heard at around \$925-940/mt, and offers heard at \$935-\$948/mt for H1 & H2 August. The domestic price was assessed up Yuan 120/mt day on day at Yuan 7,910/mt Friday, reflecting the trades heard at around Yuan 7,880-7,940/mt.

Propylene

- **China domestic propylene price continues to rise**
- **Bad weather hampers delivery of term material**

The CFR China propylene marker gained \$5/mt from Thursday at \$1,100/mt Friday. The domestic price of propylene hit Yuan 9,000/mt ex-works in Shandong Friday, up Yuan 50/mt on the day. A Chinese domestic producer said she heard that a cargo of propylene traded at \$1,100/mt CFR China. "Domestic material was actually not cheap either, if you convert it to US currency and remove VAT, it comes to around \$1,104/mt, which is actually the price level for imported cargoes now," she added. The domestic producer also said local supply of propylene was tight in China due to many turnarounds among the crackers. China's Jiangsu Sailboat Petrochemical shut its methanol-to-olefin unit and downstream plants July 20, for major maintenance work lasting 35-40 days, Platts reported earlier. "The Chinese ports along the eastern coast are also hit with bad weather, and that disrupts the offloading of imported material — this serves to push up the price for domestic and imported materials too," the producer said. Concurring that the imported propylene price is rising, a propylene end-user in China said he still prefers to stick to domestic cargoes to meet his production needs. The price of "\$1,100/mt CFR China is doable, but I still prefer to buy domestic cargoes, as it will take a month for imported material to reach my plant if I buy from overseas," an end-user in Shandong said. The FOB Korea marker was assessed at \$1,070/mt, unchanged from Thursday as price discussions were around that level. "The Chinese prices are galloping ahead, but things are still pretty quiet on the Korea market," a South Korean trading source said.

Rationale

The CFR China marker was assessed up \$5/mt on the day at \$1,100/mt on Friday, based on a trade at that level. The FOB Korea marker was assessed at \$1,070/mt, unchanged from Thursday as price discussions were around that level. On the other hand, CFR Taiwan and FOB Japan was assessed up \$10/mt on the week at \$1,090/mt CFR Taiwan and \$1,050/mt FOB Japan, respectively, based on stronger adjacent markets. The CFR Southeast Asia market was also up \$10/mt on the week at \$1,000/mt due to a stronger market.

Butadiene

- **Buying interest from Taiwan and China heard**
- **China offers raised**

The butadiene market strengthened week on week amid stronger

buying appetite from several Northeast Asian markets. Several sellers noted buying interest from Taiwan and China this week. They also noted stronger buying appetite from acrylonitrile butadiene styrene (ABS) makers, with the latter having stronger margins than styrene butadiene rubber (SBR) makers at present. One Korean producer said that while he has cargoes for September, there would likely be only one cargo, and that he would wait to offer it. "If the price is not good I can wait until next month," he said, indicating that he would offer at \$1,800/mt FOB Korea. As for Southeast Asian supply, market participants noted that the supply from these markets could help to balance out tightness in the butadiene market. A tender from Malaysia's Lotte Titan closed Friday, with award details not known at the time of publishing. In China, sources noted a major seller had increased its offer by Yuan 600/mt in the week, on the back of tighter butadiene supplies in China. The latest offer was heard at Yuan 13,000/mt ex-works, Eastern China, one Chinese source said, with spot offers by smaller players at possibly higher levels. The tighter supplies would provide incentive for Chinese buyers to return to the import market, sellers said.

Rationale

The FOB Korea Butadiene marker was assessed up \$25/mt day on day to \$1,700/mt Friday, below a selling indication heard at \$1,800/mt FOB Korea for H1 Sept arrival and the highest buying indication at \$1,700/mt FOB Korea for a cargo with the same arrival period. The CFR China marker was up \$25/mt day on day to \$1,660/mt Friday, below an offer heard at \$1,750/mt CFR China for H2 August to H1 September arrival, and above a tradeable value of \$1,650/mt CFR China. Domestic Chinese prices were assessed up Yuan 500/mt to Yuan 12,800/mt, below an offer heard at Yuan 13,000/mt. The CFR Taiwan marker was up \$45/mt on week Friday to \$1,700/mt, below a selling indication at \$1,800/mt CFR Taiwan and the highest buying indication at \$1,700/mt.

PVC

- **Sep outlook unclear on uncertain supply situation**
- **PVC-VCM spread \$90/mt higher than breakeven**

Asian PVC was stable week on week Wednesday, after August business was concluded with a \$20-\$30/mt price increase from July. Market sources said the price increase for August was due to limited supplies in Asia, while spot demand was rather sluggish, especially in India. Market participants are currently eying September business, for which the outlook is seen to be mixed. A market source pointed out that Asian PVC suppliers would try to keep their PVC prices for September, reflecting tight supplies, but it is unclear if they would be able to do so, citing an influx of deepsea cargoes, especially from Europe to India. An offer from Europe was heard at \$940/mt CFR India, another market source said. The FAS Houston PVC price was assessed unchanged at \$845/mt last Wednesday, according to S&P Global Platts data. Falling upstream ethylene prices may pressure the Asian PVC market as well. The CFR Northeast Asia ethylene price was assessed down \$15/mt week on week at \$1,350/mt Wednesday, according to Platts data. The price spread between PVC and vinyl chloride monomer feedstock is also wide at \$240/mt Wednesday, unchanged from the previous

week and much higher than a typical breakeven spread of \$150/mt, Platts data showed. On the demand side, PVC buying appetite in India was slow this week due to the recent transport strike, which ended earlier this week.

Rationale

The CFR China PVC price was assessed unchanged week on week at \$960/mt Wednesday, after the latest deal done was heard at \$960/mt CFR China this week. The CFR India PVC price was flat at \$985/mt during the same period, with a deal done range heard at \$970-\$990/mt CFR India. Meanwhile, the CFR Southeast Asia PVC price was steady from the previous week, assessed at \$945/mt Wednesday, in line with the stable China/India markets.

LDPE

- **China's Qinghai Damei to start up in 2019**
- **Redirection of US cargoes on US-China trade war**

Asian low density polyethylene prices inched lower by \$5/mt week on week Wednesday, amid the seasonal demand lull. While polymer inventories in China were heard as low, but many trade participants in China did not want to import due to the depreciation of the Chinese yuan against the US dollar, and instead, continued to adopt a wait-and-watch approach on the back of unclear market direction. Most converters preferred to offtake a small quantity from the domestic market as there was no significant price difference between domestic cargoes and imports. US cargoes were currently offered to regions outside of China, in order to avoid tax complications should the trade tariffs against US imports be introduced in the wake of a trade war, trade sources said. They added there remained no clear impact from the US-China trade tensions, as there had been no implementation of the second tranche of stiff import tariffs, which would involve LDPE, while first tranche was mainly for finished products made out of the resin. Meanwhile, converters who had wanted to expand had put off purchasing resin and machines from the US due to the current US-China geopolitical tensions. Traders expected a cargo swap, with Northeast Asia beginning to import more commodity grade PE, in exchange for Northeast Asian production sold to China, if China were to impose tariffs on US material. LDPE imports from US to China accounted for only 6% of imports, according to market sources. In plant news, China's Qinghai Damei Coal Industry plans to start up its new 300,000 mt/year coal-based PE unit at Xining, in 2019, a source close to the company said. Market views on the impact of this plant coming on stream was mixed, with some expecting prices to fall due to oversupply. Other sources said they do not expect immediate supply from the plant, as it usually takes a few months for the plant to ramp up.

Rationale

Asian LDPE with a melt flow index of 0.3-4, but typically between 1 and 2, was assessed lower by \$5/mt week on week at \$1,140/mt CFR Far East Asia Wednesday, above buying ideas heard at \$1,120/mt CFR. A melt flow index of 0.3-1 carries a premium of \$30-\$50/mt, with a lower melt flow commanding a higher premium. The CFR Southeast Asia marker was assessed lower by \$5/mt week on week at \$1,160/mt, below an offer heard at \$1,165/mt CFR Southeast Asia.

LLDPE

- **Small impact on mLLDPE on impending trade tariff**
- **China's Zhongan Lianhe to start new plant in 2019**

Asian low density polyethylene prices in the week to Wednesday were stable to lower due to thin demand amid a seasonal lull. Most market observers remained concerned over impending Chinese tariffs on mLLDPE imports from the US. But sources said US imports accounted for a small amount of imports in 2017, of around 21,000 mt, which could be easily procured and replaced from other regions. Some observers said the scrap ban in China since the beginning of the year had brought about an increase of around 1 million mt/year of higher virgin PE demand, or about 6% of total imports estimated at 15 million mt/year in 2018. The upside however, was offset by other bearish macroeconomic news, namely the depreciation of the Chinese yuan against the US dollar. Most sources did not want to procure given the weak Asian currencies against the US dollar. In plant news, China's Zhongan Lianhe plans to start up its new 350,000 mt/year coal-based high density polyethylene/linear low density unit at Anhui in 2019, a source close to the company said. Market sources expect the full commissioning and startup to last a few months, typical of all polymer units, which require some time to startup. Japan's PE imports decreased in June month on month, with HDPE showing the steepest decline, according to recent customs data released. HDPE decreased 12.1% to 16,601 mt, while LLDPE decreased 5% to 1,610 mt in June, data showed. Most sources expected a demand recovery towards the end of the year.

Rationale

Asian butene-grade LLDPE with a melt flow index of 1-2 was assessed lower by \$10/mt week on week at \$1,100/mt CFR Far East Asia Wednesday, based on a cargo traded at the same level. The CFR Southeast Asia marker for dutiable Middle Eastern cargoes were assessed lower by \$5/mt at \$1,120/mt, below an offer at \$1,125/mt CFR. The CFR South Asia marker was assessed stable at \$1,130/mt, amid weak demand. Dutiable C6 LLDPE was assessed stable week on week at \$1,250/mt CFR Far East Asia, amid thin trade.

HDPE

- **China's Yanchang ramps up production at new unit**
- **End-users try negotiating fixed forward exchange**

Asian high density polyethylene was mostly weak this week amid the seasonal lull, while all eyes were on the impending impact of the US-China trade war. While the US wanted to impose import tariffs of Chinese HDPE exports to the US, sources pointed out that the amount of HDPE imports were low, at less than 1.7 million mt in 2017. Some end-users in China were heard negotiating with sellers for a fixed, forward yuan exchange with the US dollar, so as to lock in their purchasing costs. The yuan had fallen almost 5%-10% against the US dollar since June, traders pointed out. While most of the buying activity was centered on Indonesia and Pakistan, majority of cargoes from Southeast Asia were staying within the region because of favorable ASEAN tariffs, traders said. In plant news, China's Yanchang Yulin is ramping up production at its new 450,000 mt/year polyethylene plant at Shaanxi province, after starting up those units in June, a source close to the company said.

Market participants said it was typical for plant commissioning to take several months, adding that the polymer markets have been weak.

Rationale

Dutiable unimodal film grade HDPE with a melt flow index of 0.07-0.18 was assessed lower by \$5/mt week on week at \$1,305/mt CFR Far East Asia Wednesday, taking into account discussions of Qatari cargoes at \$1,300-\$1,320/mt CFR China. Injection grade was assessed down \$10/mt at \$1,180/mt CFR Far East Asia, tracking discussions at \$1,170-\$1,190/mt CFR while HDPE blow molding was lower by \$10/mt at \$1,300/mt CFR Far East Asia on weak demand. Yarn grade was assessed at \$1,290/mt CFR Far East Asia, down \$25/mt, below an offer heard at \$1,300/mt CFR Far East Asia.

PP

- **Bullish outlook from Sep on short supply**
- **S Korea's S-oil plans to start up new plant in Aug**

Asian polypropylene was softer this week on weak demand. There were few direct imports, with most local cargoes trucked to bonded warehouses by local OEM manufacturers with duty exemption licenses. The cost of logistics to bonded zones, reclaiming export rebates, then reimporting tax-free for OEM converters worked out to be less than direct imports, they said. In plant news, South Korea's S-Oil plans to start up its new 400,000 mt/year polypropylene unit around the middle of August, sources said. A company source was not immediately available for comment. However, Asia's PP market may strengthen in September as the region remains net short of an estimated 2 million mt/year. Southeast and South Asia were stronger in homopolymer demand requirements compared with China, sources said. Most producers also expected to sell more material to South Asia in the coming months, particularly Bangladesh, Pakistan and India, where import demand is estimated at a collective 1.4 million mt/year, up around 10% year on year, according to seller estimates.

Rationale

Asian polypropylene of raffia grade was assessed down \$15/mt on the week at \$1,200/mt CFR Far East Asia Wednesday, based on trades done at \$1,200-1,220/mt CFR China. Raffia grade to Southeast Asia was assessed at \$1,230/mt CFR, down \$10/mt, following a deal done at the same level. Injection grade was assessed at \$1,220/mt CFR Southeast Asia, down \$10/mt, on a trade done at the same level. Isotactic PP was assessed \$15/mt lower on the week at \$1,210/mt CFR Far East Asia, based on a spread of \$10/mt from raffia. Biaxially oriented PP was assessed lower by \$5/mt week on week at \$1,220/mt CFR Far East Asia, based on a spread of \$20/mt from raffia. Block copolymer was assessed at \$1,240/mt CFR Far East Asia, unchanged on the week, based on a \$40/mt spread from raffia.

PS

- **Offers stable despite rising feedstock costs**
- **Demand from downstream end-users weak**

Asian polystyrene prices were assessed unchanged this week, as

producers noted weak demand despite rising feedstock costs. Sellers said Wednesday that despite the initial expectation that producers would raise listed prices on the back of an increase in feedstock styrene costs, producers did not raise offers citing weak demand. Demand from downstream end-users was heard weak, and producers were hesitant to increase offers. Styrene was assessed up \$23.50/mt on the week at \$1,427/mt CFR China Wednesday. While producers were initially heard hopeful that prices for August cargoes would continue to rebound on seasonal pickup in plastics demand ahead of the week-long National Day holidays in China in October, a seller noted that demand for polystyrene was typically stable throughout the year. Polystyrene is used mostly in packaging and disposable utensils, sources said. Offers for general-purpose polystyrene were heard stable week on week at \$1,480-\$1,500/mt CFR China, while listed offers were also stable at \$1,540/mt CFR China. As a result, tradable indications were heard likewise stable at \$1,480/mt CFR China. Expandable polystyrene offers were also heard stable week on week, with a tradable indication heard at \$1,550/mt CFR China.

Rationale

GPPS was assessed unchanged week on week at \$1,480/mt CFR China Wednesday, below offers heard at \$1,480-\$1,540/mt CFR China, and at tradable indications heard at \$1,480/mt CFR China Wednesday. The Southeast Asia marker was assessed unchanged over the same period at \$1,500/mt, tracking CFR China amid thin trade. HIPS was assessed unchanged at \$1,580/mt CFR China, below an offer seen at \$1,600/mt CFR China, with tradable indications heard at \$1,580/mt CFR China. The CFR Southeast Asia marker was also assessed unchanged at \$1,600/mt. EPS was assessed unchanged at \$1,550/mt FOB Northeast Asia, with a tradable indication heard at the same level, while flame retardant grade was assessed stable at \$1,590/mt FOB Northeast Asia, amid thin trading.

ABS

- **CFR China, CFR SEA cargoes draw selling interest**
- **Demand from end-users stays weak**

Asian acrylonitrile-butadiene-styrene was assessed \$5/mt higher week on week at \$1,930/mt CFR China and \$1,945/mt CFR Southeast Asia Wednesday, amid rising feedstock costs of acrylonitrile and styrene monomer. SM was assessed up \$23.50/mt on the week at \$1,427/mt CFR China Wednesday, while butadiene was up \$5/mt on the day at \$1,675/mt FOB Korea. "Demand for ABS is low because there are not enough buyers and cost of upstream production is higher now," an East Asian producer said Wednesday. Sell indications were heard as \$1,940-\$1,970/mt CFR China, against no buying interest. Selling interest for CFR SEA cargoes were heard at \$1,950-1,970/mt.

Rationale

ABS was assessed \$5/mt higher on the week to \$1,930/mt CFR China and \$1,945/mt CFR SEA Wednesday, amid rising feedstock costs of acrylonitrile and styrene. The CFR China marker was assessed at \$1,930/mt Wednesday, below the best offers heard at \$1,950/mt CFR China Wednesday. The CFR SEA marker was

assessed at \$1,945/mt Wednesday, below an offer heard at \$1,950-1,970/mt CFR SEA Wednesday.

PTA

- ZCE Sep futures contract leaps by Yuan 650/mt
- Feedstock PX surge \$69/mt on week

Asian purified terephthalic acid was assessed \$20/mt higher week on week at \$870/mt CFR China Friday as domestic prompt prices surged, along with PTA futures and upstream PX prices, market sources said. The China domestic price rose by Yuan 650/mt on the week to Yuan 6,900/mt on strong buying sentiment on the futures market. The actively traded September 2018 PTA futures contract on the Zhengzhou Commodity Exchange surged Yuan 680/mt on the week to Yuan 6,886/mt by Friday's Asian close. Feedstock PX marker surged \$69.34/mt over the same period to \$1,119.67/mt CFR Taiwan/China Friday, according to S&P Global Platts data. In plant news, China PTA producer Zhejiang Yisheng Petrochemical is expected to shut its 2.2 million mt/year No. 4 PTA plant at Ningbo, Zhejiang, on Sunday for a scheduled turnaround, a company source said. This maintenance had been delayed from H2 July, industry sources said. Hengli Petrochemical is in the midst of a turnaround at its 2.2 million mt/year No. 1 line at Dalian from August 1-15, industry sources said.

Rationale

The CFR China PTA assessment surged \$20/mt week on week to \$870/mt Friday, below offers heard \$880-\$895/mt CFR China, with tradeable indications heard at \$870/mt. The China domestic price surged Yuan 650/mt on the week at Yuan 6,900/mt. The CFR Southeast Asia marker was up \$20/mt on the week at \$882/mt Friday, following China, and in line with a tradeable indication heard at \$880-\$882/mt CFR. The CFR India marker was up \$20/mt over the same period to \$883/mt CFR, taking into account a tradeable indication heard at the level and offers heard at \$885-\$890/mt.

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NEWS

Iran's Zagros shuts No.2 methanol plant unexpectedly Sunday

Iran's Zagros Petrochemical Co. shut its 1.65 million mt/year No.2 methanol plant in Assaluyeh unexpectedly on Sunday due to a technical issue, after restarting Saturday for a short period, a company source said Sunday. Earlier on July 23, the plant had an unexpected shutdown due to a technical issue, the source said. The No.1 methanol plant, also at Assaluyeh, will continue to operate at 80% capacity, the source added.

Japan's Maruzen, Keiyo to raise steam cracker runs to 80% in Aug

Japan's Maruzen Petrochemical and Keiyo Ethylene plan to raise the operating rate at their steam crackers in Chiba to 80% in August from 70% currently, a company source said Monday. A problem in the output of pygas, which is used for aromatics production, has led to a reduction in the operating rate to 70% in early July. Maruzen is considering shutting down its aromatics production due to a lack of pygas but no final decision has been made. Maruzen's Chiba steam cracker can produce 550,000 mt/year of ethylene and 230,000 mt/year of propylene, while Keiyo Ethylene's steam cracker has a production capacity of 700,000 mt/year of ethylene and 400,000 mt/year of propylene. Keiyo Ethylene is 55% owned by Maruzen Petrochemical and 45% by Sumitomo Chemical.

Japan's Tosoh to shut No. 1 VCM plant in Nanyo Oct-Dec for turnaround

Japan's Tosoh plans to shut its 250,000 mt/year No. 1 vinyl chloride monomer plant in Nanyo from October 17 to December 3 for annual maintenance, a company source said Thursday. Tosoh will also shut its 600,000 mt/year No. 3 VCM plant at the same location partially, from September 3 to October 5, for annual maintenance, the source said. The

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VCM plant comprises three production lines, with a capacity of 200,000 mt/year each. The company will shut these lines one by one during the period for around 10 days each, the source added. Japan's VCM supplies are expected to be tight from September, due to a series of plant turnarounds. Japan's Tokuyama plans to shut its 330,000 mt/year VCM plant in Tokuyama from the end of September to early October for annual maintenance, a source close to the company said Thursday.

Major settlement for August paraxylene ACP at \$1,060/mt

The first paraxylene Asian Contract Price to settle since March this year saw a major settlement at \$1,060/mt CFR Asia, sources involved in the discussions confirmed Tuesday. Taiwanese purified terephthalic acid maker Oriental Petrochemical (Taiwan) Corp settled with ExxonMobil, while China's Yisheng Petrochemical settled with South Korea's SK Global Chemical, both at \$1,060/mt CFR, resulting in a major settlement. The settlement comes in the wake of a tight PX supply situation for September cargo, with disruptions in supply due to unforeseen turnarounds lending bullishness to spot supply demand, which has seen spot prices climb to a near 46-month high at \$1,083.33/mt CFR Taiwan/China. The March contract, the last one to result in a major settlement was settled at \$975/mt. The PX CFR Taiwan/China marker was last assessed at \$1,083.33/mt Tuesday, July 31.

Japan's JXTG settles Aug benzene ACP at \$860/mt CFR, up \$40 from Jul

Japan's largest refiner JXTG Nippon Oil & Energy has settled its August Asia Contract Price for benzene at \$860/mt CFR, a source

close to the company said late Tuesday. The August settlement price was \$15/mt lower than its initial nomination of \$875/mt, and up \$40/mt from the July settlement of \$820/mt CFR. Asian benzene prices tracked higher in July and supply is expected to tighten further for September-loading cargoes on the back of plant troubles heard in South Korea and Southeast Asia. On the demand side, run rates at downstream end-users in China were heard steadily increasing as lower inventories were seen in the East China market. Inventories were down 39,500 mt on the month at 201,000 mt Monday.

CPC conducts feasibility study to invest in India

Taiwan's state-owned CPC Corp., is conducting a feasibility study for opportunities to invest in building a petrochemical park in India. The company led a delegation on a trip that started July 31 to examine two sites in India, namely Paradip in the East and Gujarat in the West, which are under consideration, CPC spokesman said on Friday. During the trip, CPC's general manager Li Shunqin had also met up with Indian Oil Corp's chairman Sanjiv Singh to explore prospects of further joint-ventures or potential opportunities for IOCL to supply naphtha or other raw materials, CPC said in the statement. To date, CPC has a combined ethylene production capacity of 1.1 million mt/year from the two naphtha-fed steam crackers in Linyuan, Taiwan. CPC imports ethylene from the US as the company is short of ethylene, market sources said. CPC supplies ethylene to its downstream customers in Taiwan. The study is still in its initial stage. Should the feasibility study suggest positive economic benefits, CPC would proceed on planning for the investment. Results from the detailed study would follow by end-September, a company spokesman said Friday.