S&P Global
Platts

EUROPE & AMERICAS PETROCHEMICAL SCAN

Volume 43 / Issue 31 / August 3, 2018

EUROPEAN ASSESSMENTS

	Spot barges ($/mt)		Weekly average ($/mt)	NWE monthly (€/mt)	NWE Q3 quarterly (€/mt)
Benzene	875.00-876.00	FOB Rotterdam	875.60-876.60		
Benzene CP Aug		CIF ARA		867.00 (1)	
Benzene CP Aug		CIF ARA		742.00	
Benzene CP Indicator	875.50	CIF ARA			
Benzene	871.50-872.50	CIF ARA	872.10-873.10		
Benzene M1 Aug	870.50-871.50	CIF ARA	871.90-872.90		
Benzene M2 Sep	879.50-880.50	CIF ARA	876.50-877.50		
Toluene	811.50-815.50	CIF ARA	814.00-818.00		
Toluene M1	813.00-817.00	CIF ARA	814.50-818.50		
Toluene M2	790.00-794.00	CIF ARA	791.70-795.70		
Toluene M1 spread to EBOB swap	92.00	CIF ARA	89.80		
Toluene M2 spread to EBOB swap	92.00	CIF ARA	89.80		
Toluene TDI	811.50-815.50	FOB ARA	814.00-818.00		
Toluene TDI M1	813.00-817.00	FOB ARA	814.50-818.50		
Toluene TDI M2	790.00-794.00	FOB ARA	791.70-795.70		
Mixed xylene	810.50-812.50	CIF ARA	815.20-817.20		
Mixed xylene M1	812.00-814.00	CIF ARA	815.70-817.70		
Mixed xylene M2	789.00-791.00	CIF ARA	792.90-794.90		
Mixed xylene M1 spread to EBOB swap	90.00	CIF ARA	90.00		
Mixed xylene M2 spread to EBOB swap	90.00	CIF ARA	90.00		
Mixed xylene	810.50-812.50	FOB ARA	815.20-817.20		
Orthoxylene	979.00-981.00	FOB ARA	971.00-973.00	NA-NA	
Paraxylene	1041.00-1043.00	FOB ARA	1008.80-1010.80	NA-NA	
Paraxylene M1 Aug	1041.00-1043.00	FOB ARA	1008.80-1010.80		
Paraxylene M2 Sep	1041.00-1043.00	FOB ARA	1008.80-1010.80		
Styrene monomer	1370.50-1371.50	FOB ARA	1331.90-1332.90		
Styrene monomer M1 Aug	1370.50-1371.50	FOB ARA	1331.90-1332.90		
Styrene monomer M2 Sep	1370.50-1371.50	FOB ARA	1329.80-1330.80		
Styrene Barge FOB ARA CP Aug				1315.00	
MTBE	818.75-819.25	FOB ARA	821.70-822.20	MTBE factor: 1.116	
Methanol T2 (2)	359.50-360.50	FOB Rotterdam	348.80-349.80		419.00

Notes: (1) $/mt (2) €/mt

UNITED STATES ASSESSMENTS

	Spot Market FOB USGC	Weekly Spot Averages	Eff USGC Contract Prices
Benzene M1 (Aug)	295.95-296.05	295.15-295.25	288.00
Benzene M2 (Sep)	297.95-298.05	296.95-297.05	
Benzene M1 DDP (Aug)	295.95-296.05	295.15-295.25	
Benzene M2 DDP (Sep)	297.95-298.05	296.95-297.05	
Toluene Comm	266.95-267.05		
NITN M1 (Aug)	269.95-270.05	269.95-270.05	
NITN M2 (Sep)	269.95-270.05	269.95-270.05	
Xylenes			
Isomer	275.95-276.05		
Mixed M1 (Aug)	275.95-276.05	273.95-274.05	
Mixed M2 (Sep)	275.95-276.05	273.95-274.05	
Ortho (1)	44.25-45.25		44.00(5)
Para ($/mt)	1075.00-1085.00	1044.20-1054.20	50.75-50.75(Q3)(5)
Cumene	326.05-326.15		
Styrene M1 (Aug)	59.17-59.67	57.81-58.31	*56.75-57.25
Styrene M2 (Sep)	58.26-58.76	57.44-57.94	
MTBE	236.39-236.49	237.22-237.32	
Methanol M1 (Aug)	115.75-116.25	114.75-115.25	122.40-124.10(4)
Methanol M1 (Aug) $/mt	385.45-387.11	382.12-383.78	144.00-146.00(3)
Methanol M2 (Sep)	113.75-114.25	114.35-114.85	
Methanol M2 (Sep) $/mt	378.79-380.45	380.79-382.45	

Notes: 1) All prices ¢/gal, OX/SM ¢/lb. 2) All CPs ex-tank basis; OX and PX ¢/lb FD. 3) USGC list prices. *Domestic benchmark transaction price. 4) Net contract US assessment. 5) SM transaction price and OX and PX CP are typically settled retroactively. Prices refer to most recent settlement.

PLATTS NYMEX RBOB FUTURES ASSESSMENTS 2:30 PM ET*

	(¢/gal)
Sep	206.56
Oct	194.48
Nov	191.73

*These assessments reflect prevailing futures value exactly at 2:30 pm ET.

BRAZIL ASSESSMENT

	($/mt)
Benzene FOB Brazil	834.00-836.00
Toluene FOB Brazil	770.00-772.00
Mixed Xylene FOB Brazil	785.00-787.00

PLATTS NAPHTHA ASSESSMENTS (Aug 2)

	($/mt)
Cargoes FOB MED	625.00-625.50
Barges FOB RDAM	636.75-637.25
Cargoes CIF NWE	640.75-641.25
Cargoes FOB USG	662.57-662.67

BENZENE

Europe

- **Benzene August CP falls, in line with expectations**
- **POSM unit reported to have issue**

European benzene spot prices were rangebound this week amid limited spot activity. The 5-30 day forward styrene spot price was assessed at $872/mt CIF ARA Friday, up $2/mt on the day, and up from $868.50/mt last Friday. This week, spot prices remained in a narrow range of $873-$876/mt. The benzene August contract price was settled earlier in the week at $867/mt or Eur742/mt, down $53/mt or Eur52/mt on the month. The market had anticipated a decline as spot prices declined through July. Tightness in the prompt benzene market seen in late June disappeared in July. In fact, the benzene market remained in a small contango this week with prompt demand weak. Low Rhine water levels did little to lift benzene prices, although traders talked of logistics being compromised. Downstream, styrene spot prices have been bullish this week. S&P Global Platts assessed the 5-30 day forward styrene spot price at $1,371/mt FOB ARA Friday, up from $1,290/mt last Friday. Spot prices increased on the back of an issue reported at LyondellBasell and Covestro's jointly owned propylene oxide styrene monomer unit in Maasvlakte, the Netherlands. In other downstream markets, European phenol and acetone producers continued to struggle with poor margins, still unable to get strength in phenol to offset the impact of an oversupplied acetone market. Acetone spot prices fell Eur20/mt on the week to Eur600/mt FD NWE, while phenol's premium over benzene remained unchanged on the week at Eur390/mt.

Rationale

S&P Global Platts assessed benzene for delivery 5-30 days forward at $872/mt CIF ARA Friday, up $2/mt on the day. Any August value of $870/mt, between the $865-$875/mt bid-offer range, was placed in the mid-point of August 16-20 delivery dates as a contango structure emerged for August dates. Any August was valued as H2 August, in line with market feedback, and amid a separate H1 August bid heard at $855/mt. August was assessed as the average of all August dates at $871/mt, up $1/mt. September was assessed at $880/mt, up $4/mt, and between the $875-$885/mt bid-offer range. The flat structure between September and December was carried over. FOB Rotterdam was assessed at an unchanged $3.50/mt premium to CIF.

United States

- **Prices see support from stronger SM**
- **South Korean exports near 60,000 mt in July**

Prompt spot benzene prices in the US were largely unchanged on the day and up 5 cents week on week to close Friday at 296 cents/gal on both a DDP and FOB basis. Forward month pricing closed Friday at 298 cents/gal on both a DDP and FOB basis. Prices defied movement in crude for most of the week and saw support from gains in the downstream styrene markets. US spot styrene prices were up close to $70 on the week as the market reacted to production issues in both Europe and Asia. US styrene prices closed at 59.42 cents/lb ($1,310/mt) FOB USG for August and at 58.51 cents/lb ($1,290/mt) FOB USG for September. Arbitrage opportunities were limited as the spread between South Korea and the US stood at just $24/mt prior to freight and costs. The FOB Korea marker was assessed Friday at $876/mt, up $19 on the week. Benzene economics in South Korea improved slightly, with the benzene-naphtha spread rising $30 on the week to be last estimated at near $215/mt. South Korean exports to the US in July were estimated at near 60,000 mt. Related to production economics, MSTDP margins rose on the week on stronger benzene and paraxylene and were last estimated at near $98.50/mt. However benzene's premium to toluene was a slim 26 cents, leaving HDA margins in the red. The benzene-crude ratio rose on the week and was last estimated at 1.8239.

Rationale

August spot benzene was assessed was flat on the day at 296 cents/gal DDP USG Friday amid a bid-offer range last seen at 294-299 cents/gal. The August FOB assessment closed at parity with the DDP assessment, maintaining the structure seen the previous day. September was assessed flat on the day at 298 cents/gal on a bid-offer range at 296-300 cents/gal. August styrene prices were assessed steady at 59.42 cents/lb ($1,310/mt) FOB USG based on notional indications last heard at $1,300-$1,340/mt. September was assessed at 58.51 cents/lb ($1,290/mt) FOB USG amid talk of a $20 backwardation from August to September.

Latin America

- **US market at a premium to European market**
- **Spot freight prices down about $5/mt: sources**

Latin benzene pricing rose $12/mt week on week, assessed Friday at $834-$836/mt FOB Brazil, tracking the US Gulf Coast region with notable support from downstream styrene, where prices rose in line with stronger European and Asian values, sources said. In Mercosur, exports from Brazil to Argentina fell amid a reduction in trading activity aided by nominal depreciation of the peso. Market participants noted a growing concern that demand will further decrease in the second half of the year with projections that inflation will continue to rise. July trade activity was mostly making up for delayed deliveries because of trucking strikes in Brazil, sources noted. In Mexico, a Pemex benzene cargo was loaded this week and heading to the US Gulf, a source with knowledge of the deal said. Other details, including the price of the cargo, were not immediately knows. Also, Pemex's Cangrejera Complex was shut Wednesday after an outage attributed to an electrical storm. The petrochemical unit is expected to get back to normal production early next week, a source with knowledge of company operations said. In export markets typically relevant to Latin American exporters, pricing in the US for benzene remained at a premium to Europe, making the US a preferred destination -? at least on paper -? for Latin American producers with surplus product. US benzene was priced $13.04/mt higher than European benzene, with the spread widening by $11.45/mt week on week, according to S&P Global Platts data. Freight in the spot market has decreased by around $5/mt with abundant availability, sources have said. In energy, front-month NYMEX crude fell 20 cents/barrel on the week to $68.49/b, while front-month Brent fell $1.08/b over the same period to $73.21/b. NYMEX RBOB settled at $2.065/gal, down 9.64 cent from previous week.

Rationale

Latin benzene pricing rose $12/mt week on week, assessed Friday at $834-$836/mt FOB Brazil. Pricing was based on prompt- and forward-month US Gulf Coast FOB assessments using a three- to 30-day net back formula that accounts for freight costs at $50/mt. Prompt-month USG benzene was assessed at 296 cents/gallon FOB USG, and forward-month USG benzene was assessed at 298 cents/gallon FOB USG.

TOLUENE

Europe

- **August contract negotiations conclude**
- **Challenging logistics amid low Rhine**

Slightly higher crude oil prices and the subsequent increase in the underlying gasoline values pulled toluene spot prices in Europe higher towards the end of the week. While blending interest remained timid, gasoline was still setting the pricing benchmark for toluene, with toluene assessed at a $92/mt premium over it. Toluene also borrowed gasoline's structure, which traditionally reflects a seasonal change in spec and is typically steeply backwardated into autumn. August toluene contract prices were reported agreed this week in an Eur819-820/mt range, with the higher end garnering the overall industry's support. The current spot price is thus hovering at a small discount to the contract price, suggesting that despite the restart of BASF's Ludwigshafen TDI plant, the prompt market still saw sufficient supplies and sellers were prepared to sell incremental volumes below the levels achievable under long-term agreements. Hot weather continued to affect the market in the region, with logistical headaches intensifying this week, as the water level at Kaub, a key choke point on the Rhine, hovering around 74-76cm. With barges unable to load full volumes, the market was facing delivery delays and rising barging costs. Furthermore, the heatwave was also affecting production, with some refineries reportedly having to reduce run rates amid an inability to cool down crude distillation columns.

Rationale

S&P Global Platts assessed the premium of toluene over gasoline at $92/mt for both August and September. The premiums were unchanged on the day and above the last transparent bid reported Thursday. The assessment of the outright price was also above the buy idea from a distributor heard at $800/mt for August dates.

United States

- **N-grade prices stable following previous week rise**
- **C-grade still at slight discount to N-grade**

US nitration-grade toluene (NGT) spot prices were stable on the week following a 13-cent increase the week before. Prompt n-grade toluene prices ended the week at 270 cents/gal FOB USG, up 1 cent from 269 cents/gal a week earlier. The 269 cents/gal assessment last Friday was a strong rebound from Friday July 20, when the NGT market hit the lowest spot prompt price assessed for NGT since January 25, when prices stood at 255 cents/gal. The losses over the month of July came as well-stocked supply, thin-demand and falling energy futures weighed on prices. The forward month NGT spot price was assessed flat to the prompt month on Friday, keeping in line with the weekly structure. Commercial-grade toluene was assessed at 267 cents/gal on Friday, unchanged from the previous week, based on a 3-cent discount to NGT that was derived from bid/offer activity seen in the market and industry source confirmation. On Wednesday, CGT spot was heard bid at 261 cents/gal and offered at 272 cents/gal, while simultaneously NGT bid/offer range was seen at 265-275 cents/gal. The 3-cent discount for CGT this week is a 1-cent change from the 2- cent discount assessed last Friday. The previous week's C-grade assessment was based on a tender that sold in the market as well as market source indication that NGT and CGT were trading in near unison. A market source indicated on Friday that if the c-grade quality is up to industry standards it should be around a 3-cent differential to n-grade. Toluene blend value on Thursday was at 257 cents/gal FOB USG. Typically, when blend values are below spot pricing, blending toluene into gasoline is not very attractive to blenders. MSTDP margins, which provide an indication of whether it is profitable to convert toluene into benzene, mixed xylene and paraxylene, were estimated at $108.62/mt on Thursday. The $108.62/mt MSTDP margin seen on Thursday is the highest point the margin has hit since January 4, when the margin stood at $113.33/mt. MSTDP margins have been in positive territory since June 28th, marking the fifth straight week in which margins have remained in positive territory.

Rationale

US prompt (August) spot nitration-grade toluene was assessed at 270 cents/gal FOB USG on Friday, unchanged on the day and up 1 cent on the week based on a bid/offer range of 265-275 cents/gal FOB USG. Commercial-grade toluene was assessed at 267 cents/gal, unchanged on the week based on a 3-cent discount to NGT that was derived from bid/offer activity of 261-272 cents/gal and market source confirmation.

Latin America

- **Pemex plant closed after electrical issue**
- **Latin market eyes tightness in US Gulf**

Latin toluene pricing rose $3/mt week on week, assessed Friday at $770-$772/mt FOB Brazil, tracking support in the US Gulf Coast region on the back of a balanced market. Latin mixed xylene pricing rose $12/mt week on week to $785-$787/mt FOB Brazil amid an uptick in USGC exports that alleviated some of the well-supplied market, sources said. In Mercosur, where the real gained against the US dollar, there were expectations that demand would continue to increase during the second half of the year, a sentiment aided by Petrobras' strong financial quarter despite a drivers' strike that brought supply chain bottle necks and delays for almost two months. The real gained 0.47% week on week, against the US dollar, according to S&P Global data. In Mexico, Pemex's Cangrejera Petrochemical complex was shut Wednesday as a result of an electrical outage from an electrical storm. Production is expected to be back to normal operations once electricity is restored, a source with knowledge of company operations said. Alpek's Altamira PTA complex remains shut after a July 15 fire. The facility runs paraxylene, mainly from imports, a source close to the company said. In Colombia, a delay stemming from larger-than-expected cabotage hours to move aromatics from production sites to terminals has pushed back the loading of a 600 mt cargo of xylene and 400 mt cargo of toluene from Buenaventura, Colombia to Callao, Peru, a source with knowledge of operations said. The cargo was scheduled to load last week, but it was not immediately Friday clear when the cargo would load. In Peru, there was growing optimism that demand would improve due to an increase in government projects for construction and water transmission following an address earlier this week by the president. “Both pricing and volume were very tight during July. We hope we have seen the floor in prices, already,” a local distributor said.

Rationale

Latin toluene pricing rose $3/mt week on week, assessed Friday at $770-$772/mt FOB Brazil. Pricing was based on prompt-and-forward-month US Gulf Coast FOB assessments using a three-to 30-day netback formula that accounts for freight costs at $50/mt. Prompt-month USG toluene was assessed at 270 cents/gallon FOB USG, and forward-month USG toluene was assessed at 270 cents/gallon FOB USG. Latin mixed xylene pricing rose $12/mt week on week to $785-$787/mt FOB Brazil. Pricing was based on prompt- and forward-month US Gulf Coast FOB assessments using a three-to 30-day netback formula that accounts for freight costs at $50/mt. The prompt-month MX price was assessed at 276 cents/gal FOB USG, and the forward-month MX price was assessed at 276 cents/gal FOB USG.

XYLENES

Europe

- **MX premium stable on day**
- **OX rises to $980/mt**

Friday saw out the close of a quiet week for mixed xylenes in Europe. The premium to the Platts Eurobob gasoline barge assessment was unchanged on the day, assessed at $90/mt. The premium was stable for the 4th consecutive day, in line with two indications at this level from traders. Good demand for MX can still be seen from PX producers as global PX prices continue to trend higher along with movements in Asia. PX was assessed at $1,042/mt FOB ARA, above a trader’s indication at $1,039/mt and higher on the day as prices rose in Asia, the global driver in PX. Asian PX prices rose $20 on the day to $1,100.67/mt FOB Korea and $1,119.67/mt CFR Taiwan/China Friday. In the orthoxylene market, prices rose $10/mt on the day to be assessed at $980/mt, as the market tightness remained. However, the tightness may not last as two PA producers are undergoing maintenance in August. Atmosa’s 50,000 mt/year plant in Schewat and Polynt’s 80,000 mt/year plant in Scnzorosciate are both undergoing maintenance in August; Atmosa for five weeks having started last week, and Polynt over August 6-17.

Rationale

S&P Global Platts assessed the August MX premium over the Eurobob gasoline stable on the day at $90/mt, in line with indications. The September premium was assessed at parity to August, maintaining the flat structure. PX was assessed up $23 at $1,042/mt FOB ARA, in line with movements in Asia and above a trader’s buy indication at $1,039/mt. OX was assessed up $10 at $980/mt FOB ARA, in line with an indication at this level and continuing tightness.

MIXED XYLENES

United States

- **MX prices rise on increased exports**
- **MSTDP production economics remain positive**

US mixed xylene spot prices jumped for the second consecutive week, as an uptick in US exports have helped alleviate some of the well-stocked market place. Prompt MX spot prices were assessed at 276 cents/gal FOB USG on Friday, up 4 cents/gal from the 272 cents/gal seen last Friday. The 276 cents/gal assessment on Friday was based on a bid/offer range of 272-280 cents/gal. Spot MX prices have now risen 23 cents/gal over the previous two weeks following losses seen through most of July. Over the first three weeks in July, spot prompt MX had fallen 26 cents from a high of 279 cents/gal on July 10, to 253 cents cents/gal on July 20, according to S&P Global data. The losses came as well-stocked supply, thin-demand and falling energy futures weighed on prices over most of the month. Last week’s spot price bump came on a rebound in the energy markets, but this week saw some relief in the well supplied MX market with the news of increased US exports. Forward month spot MX prices were also assessed at 276 cents/gal on Friday, as market sources indicated the prompt and forward spot pricing were at parity. Xylene blend value on Thursday was at 258 cents/gal FOB USG. Typically, when blend values are below spot pricing, blending xylene into gasoline is not very attractive to blenders. MSTDP margins, which provide an indication of whether it is profitable to convert toluene into benzene, mixed xylene and paraxylene, were estimated at $108.62/mt on Thursday. The $108.62/mt MSTDP margin seen on Thursday is the highest point the margin has hit since January 4, when the margin stood at $113.33/mt. MSTDP margins have been in positive territory since June 28th, marking the fifth straight week, which may become even more attractive to refiners with some of the domestic MX supply starting to move overseas.

Rationale

US Prompt August mixed xylene was assessed at 276 cents/gal FOB USG, down 1 cent from Thursday but up 4 cents/gal on the week. The August MX price was based on a bid of 272 cents/gal and offer of 280 cents/gal. Forward- month MX was also assessed at 276 cents/gal FOB USG, keeping with Thursday’s structure.

ORTHOXYLENE

United States

- **OX CP flat for third straight months**
- **Volatile PX market pushes up feedstock prices**

US orthoxylene spot prices were up slightly this week, rising 0.5 cent to 44.75 cents/lb as market participants weighed the current uncertainty in the paraxylene market and its impact on feedstock prices. The assessment was based on production costs on top of spot mixed xylene assessments, per market feedback. There were no OX spot deals on the week, but the August OX contract settled at 44 cents/lb ($970/mt), flat from the July contract price and unchanged for the third straight month, industry sources confirmed Thursday. One market source had anticipated a possible decrease in orthoxylene prices this month. However, continued uncertainty in the paraxylene market "is the reason for the rollover," the source added. MX supply has been well-stocked of late, but spot prices have rebounded this week following an uptick in US MX exports. MX spot prices on Friday were at 276 cents/gal FOB USG, up 4 cents from 272 cents/gal FOB a week earlier. The OX rollocwe should give further direction to the downstream US phthalic anhydride market. Molten PA prices were unchanged from last week at 64 cents/lb ($1,411/mt) delivered for August, while flake PA also remained stable at 67 cents/lb ($1,477/mt) delivered for August. PA prices typically follow movement in the OX contract with a one-month lag, per market feedback.

Rationale

Spot OX pricing was assessed at 44.75 cents/lb FOB USG, on a 3-30 day basis, up 0.5 cent on the week. No bids, offers or trades were heard on the week. The assessment was based on production costs on top of spot mixed xylene assessments, per market feedback. Prompt MX spot was assessed at 272 cents/galFOB USG on Friday. The OX contract price was assessed at 44 cents/lb for August, based on market confirmation at that level.

PARAXYLENE

United States

- **PX contract settles at 50.75 cents/lb**
- **Shipments to Asia may open up this month**

US paraxylene spot prices moved higher over the week, following direction from the PX market in China. Spot prices on Friday were at $1080/mt FOB USG, up $80/mt from the $1000/mt FOB USG price seen a week earlier. The market had moved steadily upward on the week, in line with the US mixed xylene market and continuing to track the CFR Asian markets higher. In recent weeks, due to lack of liquidity in the domestic PX market, US PX prices have been pegged by market participants on a netback to Asia. One market sourced had confirmed this week that the current freight rate from CFR China to the US Gulf is around $55/mt. Another source indicated that this approach for valuing PX is still the best approach, as the abundant domestic supply needs to go somewhere with the loss of demand from Mexico. The ongoing outage of the Alpek PTA plant in Altamira, Mexico, which has been one of the largest importers of US paraxylene in recent months, has left a void in the market. The Alpek plant was shut a few weeks ago after a fire broke out on the premises, with restart still pending. Alpek has an estimated PTA capacity of 500,000 mt on each of their two PTA lines in the Altamira plant. PTA, Purified Terephthalic Acid, is a direct downstream product of paraxylene. Market sources have said that they heard some cargoes could be on the move in the first and second half of August. However, due to tightness in the US Gulf shipping ports, a cargo in the second half of August is much more likely. The July paraxylene contract was confirmed by multiple market sources on Wednesday to have settled at 50.75 cents/lb, representing a rollover from the June PX contract that settled at the same level. Some market particpants anticipated a slight decline in the PX contract this month, however, a recent uptick in the MX and continued rise in the spot PX markets have led to some uncertainty heading into August. With stronger PX and MX prices heading into August, downstream market sources have already suggested this could support an increase for the August PX contract.

Rationale

US spot paraxylene was assessed at $1080/mt FOB USG, up $20 from Thursday, based on a netback to the CFR China marker. The July PX contract price was assessed at 50.75 cents/lb, unchanged from June on confirmation from market sources.

STYRENE MONOMER

Europe

- **August styrene CP settles up Eur20/mt**
- **Global styrene spot prices rise**

European styrene spot prices soared on the week amid a production issue. The 5-30 day forward styrene spot price was assessed at $1,371/mt FOB ARA Friday, unchanged on the day, but were up from $1,290/mt a week ago. LyondellBasell and Covestro's jointly owned Maasvlakte propylene oxide styrene monomer unit in the Netherlands is suffering a production problem, according to industry sources. LyondellBasell declined to comment. Covestro was not available for immediate comment. Sources said they did not know the precise details. This contributed to a $53/mt jump in styrene spot prices Thursday amid August trades at $1,350/mt and $1,370/mt. Global spot prices were also bullish on the week. The August FOB USG spot price was assessed at 59.42 cents/lb ($1,309.50/mt) Thursday, up 1.82 cents on the day, and rising from 56.25 cents/lb last Friday. The CFR China marker price was assessed at $1,475/mt Friday, up from $1,403/mt last Friday. In Europe, the August styrene contract price was fully settled Thursday at Eur1,315/mt, up Eur20/mt on the month. IN mid-July sources predicted a rollover or a fall in the contract price. However, rising spot prices at the end of July and beginning of August turned expectations bullish.

Rationale

S&P Global Platts assessed styrene for loading 5-30 days forward at $1,371/mt FOB ARA Friday, unchanged on the day. August and September were assessed at $1,371/mt, steady, as bid-offer ranges at $1,370-$1,400/mt did not disprove previously assessed values. August trades heard at $1,385/mt and $1,390/mt could not be fully corroborated and were not used for the assessment.

United States

- **Prices see support from outages in Asia, Europe**
- **Styrene-benzene spread widens to $425/mt**

US export styrene prices posted notable gains on the week amid production constraints in both Europe and Asia. Prompt (August) spot styrene export pricing rose $70/mt week on week, closing Friday at

$1,310/mt FOB USG. The gains came amid news of an outage at LyondellBasell/Covestra's POSM unit at Maasvlakte. While details were sparse, the unit was heard to have had a production issue and was expected to be down for at least a week, a US-based trader said. Further details and confirmation from the companies was not available at time of publication. The unit has an estimated styrene capacity of 640,000 metric tons. Price support also came from Asia as domestic China prices rose sharply on news that the government had forced a producer there to cut rates while TSMC experienced a glitch at its 180,000 mt/year styrene unit at Linyuan. The gains in styrene pricing helped to widen the styrene-benzene spread by near $50 on the week and the spread was last estimated at near $425/mt on a spot basis. Styrene margins also gained despite higher feedstock costs. Margins on a spot basis were last estimated at near $355, up $60 on the week, despite a 4 cent gain in the August benzene contract. Overseas spot prices were notably higher with European styrene closing Friday at $1,371/mt while the FOB Korea and CFR China markers closed at $1,440/mt and $1,475/mt, respectively. Domestic pricing was assessed at 57 cents/lb.

Rationale

Prompt spot styrene prices were assessed Friday at 59.42 cents/lb ($1,310/mt) FOB USG amid notional indications last heard at $1,300-$1,340/mt. Forward month pricing was at a slight discount, closing Friday at 58.51 cents/lb ($1,290/mt) FOB USG amid talk of a $20 backwardation from August to September. Domestic pricing was assessed at 57 cents/lb amid talk of pricing in the mid to upper-50 cents/lb range.

MTBE/ETBE

Europe

- **Factor slips to 1.116**
- **MTBE down $10/mt**

Demand continued in the MTBE market Friday, closing out a week of active trading. A single producer bought multiple volumes during the Platts Market on Close assessment process, leading to talk through the market of problems at one of its sites that has persisted for several weeks without confirmation. Rhine water levels remain a concern for barge markets in Europe, with MTBE affected by higher freight rates and a lack of barge availability. A booked barge was canceled Thursday as the intended volume could no longer be supported in a single vessel. Barges have been heard to be loading less than 50% of their total carry weight due to low water levels, leading to extra vessels being fielded from other routes and longer dockside queues. MTBE carried through July weaker than expected, as the warm weather was expected to bring more demand for gasoline. While there has been some pickup, it has not been as much as previous years and hopes are for August to show more strength. Gasoline demand has been concentrated in the Mediterranean and the US, with the latter unlikely to be taking MTBE-blended material due to domestic usage restrictions. There was a spike in Nigerian demand as monthly allotments were fulfilled, but the tolerance for higher sulfur content points to more use of mixed aromatics that have lacked a market since China cut imports. This leaves MTBE in a competitive environment. One producer said current pricing likely represented the top of the market for MTBE, with pricing set to fall in September as the market enters the low season.

Rationale

S&P Global Platts assessed European MTBE at $819/mt FOB ARA Friday, down $10/mt from Thursday, in line with upstream energy complex movements after two cargoes were bought by Lyondell at $820/mt 15 minutes before the end of the Platts Market on Close assessment process. The 16:30 assessment of MTBE was calculated by normalizing downward movements in the ICE Brent crude September assessment between 16:15 and 16:30. This movement was applied to the Eurobob barge assessment. The two trades proved a lower factor to gasoline at 1.116 at 16:15, which was carried forward to the 16:30 close. ETBE was assessed at a stable premium of $187.50/mt over MTBE.

United States

- **US MTBE factor at 1.1602**
- **Blending demand heard firm**

The US MTBE price fell Friday alongside the energy complex. US MTBE was assessed Friday at 236.39-236.49 cents/gal FOB USG, down 2.82 cents day on day and 3.94 cents week on week. Activity during the Platts Market on Close assessment process was muted this week, with no firm bids, offers or trades seen. Market participants continue to talk the US premium to the FOB ARA marker at around 6 cents/gal. Sources said blending demand was firm, with some additional demand seen coming out of Mexico. Blend values were last estimated at 252.53 cents/gal, compared with 259.99 cents a week earlier, according to S&P Global Platts data. The US MTBE factor relative to gasoline was 1.1602 Friday, compared with 1.1455 a week ago. In related energy markets, the complex was weaker Friday on rising OPEC and Russian output, and concerns that the trade war between the US and China will impact demand. NYMEX September RBOB settled at $2.0655/gal Friday, down 26 points day on day and 9.64 cents week on week. NYMEX September WTI crude settled 47 cents lower day on day and 20 cents lower week on week at $68.49/b. The European MTBE FOB ARA marker closed Friday at $819/mt, down $10/mt day on day and $14/mt from a week ago. In Asia, prices increased $7/mt Friday, but fell $16.50/mt week on week to close Friday at $757.50/mt FOB Singapore.

Rationale

US MTBE was assessed Friday at 236.39-236.49 cents/gal FOB USG, down 2.82 cents day on day. The assessment was based on movement in the Northwest European market, with a premium of 6 cents to the Platts MTBE FOB ARA assessment remaining in place.

METHANOL

Europe

- **Uptick in spot activity continues**
- **Rhine water levels pose logistics challenges**

The European daily methanol price was assessed up Eur4/mt on the day at Eur360/mt FOB Rotterdam for the 5-30 day laycan Friday. The uptick in spot buying activity seen Thursday continued Friday, with deals heard concluded for both August and October. The methanol daily spot price was Eur17.5/mt higher on the week Friday as a result of increased buying activity in the second half of the week. Water levels on the Rhine continue to pose logistical challenges to the market, while the ongoing turnaround at Russian methanol producer Metafrax's Gubakha site one reason buyers had had to turn to the spot market, one trader said. Metafrax's turnaround at its 1.2 million mt/year site is expected to last until August 20, a source close to the company previously said. Although methanol spot prices were strengthening in Europe in the second half of the week, in Asia the CFR China methanol market was assessed down $6/mt on the week at $392/mt Friday. 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 unexpectedly on Sunday due to a technical issue, after having just restarted on Saturday, also because of a technical issue. The No. 2 unit has been mostly shut since July 21, also because of a technical issue.

Rationale

S&P Global Platts assessed the 5-30 day spot methanol price up Eur4/mt on the day at Eur360/mt Friday. Mid-August was assessed at Eur360/mt, in line with a deal heard at that level from multiple sources and within a bid-offer range of Eur355-365/mt. Another August deal was also heard at Eur362/mt, but it remained uncorroborated and hence was not reflected in the assessment. Mid-October was assessed at Eur356/mt, in line with a deal heard done for October at that level and within a bid-offer range of Eur355-358/mt for October. A daily backwardated structure of Eur0.070/mt was drawn between the two dates and extended to the remaining laycan dates. September was heard within a bid-offer range of Eur355-365/mt Friday.

United States/Americas

- **Mid-August OCI restart expected: sources**
- **Buying interest seen, no trades**

The US methanol market saw mixed fortunes Friday. But despite buying interest in the market, no trades were produced. Spot prices closed Friday at 115.75-116.25 FOB USG for August and 113.75-114.25 FOB USG for September. Front-month product was stable day on day and up 4 cents week on week, while the forward month fell 2 cents day on day, but up 2 cents week on week. During Friday's trading session, an August bid was heard at 115 cents/gal FOB USG with no corresponding offers. The tightest market for September was a bid-offer range of 111-115 cents/gal FOB USG. No trades were heard done. Prices moved higher week on week on support from an unplanned outage at OCI's 912,500 mt/year methanol unit in Beaumont, Texas, sources said. The methanol unit is expected to restart in mid-August, with multiple sources saying the site went down because of a steam methane reformer issue. Expectations are that it could take 10-14 days for the plant to come back online. One source said the plant was running at a reduced capacity before the maintenance, adding production was about 50% or 460,000 mt/year. August contract prices were been set by US producers, with Methanex dropping its North American August methanol posted contract price 3 cents to 146 cents/gal ($485/mt) FOB USG, and Southern Chemical Corp. cutting its CP by 5 cents to 144 cents/gal ($479/mt) FOB USG. With discounts and rebates averaging 15%, the net contract price for August comes to 122.4-124.10 cents/gal. European spot values rose Eur4/mt and Eur17.50/mt week on week to close Friday at Eur360/mt ($417.56) FOB Rotterdam. In Asia, the CFR marker fell $6/mt day on day and week on week to close Friday at $398/mt.

Rationale

US spot methanol was assessed Friday at 115.75-116.25 FOB USG for August and 113.75-114.25 FOB USG for September. Front-month product was stable day on day while the forward month fell 2 cents day on day. The assessments were based an August bid at 115 cents/gal FOB USG and bid-offer range for September at 111-115 cents/gal FOB USG.

NEWS BRIEFS

Tariffs could delay, sink Louisiana methanol plant: Fluor

A $3.8 billion methanol project in Louisiana could be delayed or canceled if the US imposes a tariff on components for a critical piece of equipment, global engineering and construction firm Fluor has told US officials. Fluor is on tap to build the Lake Charles Methanol project in Louisiana, which will refine petroleum coke into domestic energy and chemical products, including methanol, hydrogen, sulfuric acid and industrial gases. The company submitted one of nearly 700 public comments to the US Trade Representative Robert Lighthizer asking that components in a key piece of equipment for the plant manufactured only in China be removed from a list of $16 billion in potential tariffs the US may impose on Chinese products. In Fluor's letter to Lighthizer, dated July 23, Kathalina Canaan, Fluor's global director of trade compliance, asked that a certain tariff on machinery for liquefying air or gas be removed from the list of products targeted for such duties. Otherwise, the project could be delayed or canceled "due to increased costs and uncertainty," the letter said. The project's contract involves a made-to-order air separation unit (ASU) to feed gaseous high-pressure oxygen to a gasifier unit, which will be the main processing unit in the plant. The ASU will also provide nitrogen and instrument air to the entire facility, the letter said. While the ASU would be designed and supplied by a US company, certain components for it "are only available from China," the letter said. "The ASU and its accompanying proprietary technology are critical to Fluor's ability to meet its contractual price and schedule obligations to LCM," the letter said. "This situation creates a serious risk that this project — which would create 1,000 US construction jobs, 200 US permanent plant operations jobs and 300 US associated manufacturing jobs — will not move forward." It is "interesting that the tariffs are intertwined in all aspects of our business," a methanol market source said this week. Another source expected the plant to face delays, but eventually come online, calling the key equipment "just a matter of cost and time." ACC FIGHTING TARIFFS ON CHEMICALS The American Chemistry Council has strongly opposed any tariffs involving chemicals, particularly in light of $194 billion in announced investments in US chemical manufacturing. The ACC has asked the Trump administration to remove all chemicals and plastics from the $16 billion list, which would be the second round of $50 billion in tariffs on top of those for steel and aluminum imposed in March. The first round of $34 billion in tariffs was imposed July 6, and China responded with tariffs on US goods of the same value, largely agricultural crops and automobiles. The $16 billion round involves many chemicals and plastics made with them, and China disclosed a more chemical- and plastics-heavy list of retaliatory tariffs that would come in response. The US is considering an additional $200 billion in tariffs on Chinese goods, prompting China's Ministry of Commerce to respond on Friday that it would retaliate with another $60 billion in tariffs on US goods. Bountiful cheap US ethane prompted chemical manufacturers to commit to building a slew of steam crackers and derivative plants along the US Gulf Coast, Pennsylvania and potentially Ohio, and the first wave began starting up in 2017. The US methanol industry has reaped similar benefits from the domestic natural gas boom and cheap feedstocks, fueling its transition into a net exporter to other countries. Methanol's uses include antifreeze, solvent, fuel and a denaturant for ethanol. Currently the US has eight methanol plants that make a cumulative 7.5 million mt/year, including Natgasoline's 1.75 million mt/year plant in Beaumont, Texas, that started up in June. Two more plants are slated to come online in 2019-2020: Liberty One in Charleston, West Virginia, and Methanex's third in Geismar, Louisiana. Liberty One's 195,000 mt/year project was relocated in pieces from Brazil as the company looked to monetize access to cheap methane in the US. Canada's Methanex, the world's largest methanol producer, had previously dismantled a plant in Chile to relocate it in Geismar. Compressor issues recently pushed the Liberty One plant's mid-2018 startup to late 2019, according to the company. Methanex is moving ahead with its third US methanol plant, Geismar III in Louisiana, adjacent to its existing 1 million/mt Geismar I and II production facilities. Overall, the three facilities will have a combined capacity of 3.8 million mt/year. LCM's project is slated to be backed by up to $2 billion in US Department of Energy loan guarantee program, which is intended to encourage clean energy projects. The technology involves gasifying petroleum coke into a synthetic gas, which is then converted to other products. According to LCM, the process will emit less pollution than other petcoke uses and capture carbon dioxide that can be sold to energy producers to enhance oil and gas recovery.

US styrene gains on production outage in Europe, lower rates in Asia

US styrene prices were talked notably higher Thursday on the back of significant gains in both Europe and Asia. Sources said August spot styrene were valued at $1,300/mt and as high as $1,340/mt FOB USG. Asian styrene jumped $38 on the day and European styrene prices were up $53-$58/mt. Asian styrene prices rose as supply tightened amid talk that Chinese authorities had told one producer that it must lower rates. The news pushed the CFR China price up to $1,465/mt, while the FOB Korea marker also gained $38 on the day to finish at $1,430/mt. In Europe, sources said an unplanned production issue at LyondellBasell and Covestra's POSM unit at Maasvlakte, in the port of Rotterdam, had pushed price sharply higher and the FOB ARA styrene marker rose $53 to hit a 2-month high at $1,371/mt. Details and confirmation were unavailable at time of publication; however, sources said the unit could be down at least one week. The news of higher pricing led to uncertainty in the US market as sources talked August pricing in a $40/mt range. "There are no firm offers. The market is really volatile today," a trading source said. US spot styrene prices closed Wednesday at $1,270/mt and were up $35/mt as of close of business. While August was expected to continue to climb, sources said the market was backwardated, with September talked at a $20/mt discount to August.

US butadiene contracts settle split for August: sources

US butadiene contracts for August came to a split settlement this week, with just one major producer implementing an increase while the other three rolled over from July, sources said Thursday. TPC

SUBSCRIBER NOTES

S&P Global Platts proposes to specify benzene content in European MX methodology

S&P Global Platts is proposing to specify benzene content in its mixed xylenes assessment methodology in Europe, effective September 3, 2018. This follows industry comments that the bulk of MX produced and traded within Europe conforms to a maximum limit of 100 ppm benzene content. Platts existing MX specifications reflect product conforming to the latest edition of ASTM D-843, with one or more isomers removed; the non-aromatics content set at the maximum of 2% and the maximum ethylbenzene content at 20%. There are no limits on metaxylene, paraxylene and orthoxylene content.
Property: Specifications: Non aromatics content, max 2% Ethylbenzene content, max, vol 20% Color, max, Pt-Co scale 20 Distillation range, max 5 Celsius Initial distillation temp, min 137 Celsius Dry point, max 143 Celsius Acid wash color, max pass with 6 Copper corrosion, max pass (1A or 1B) Appearance Clear liquid free of sediment and haze when observed at 18.3 to 25.6 C (65 to 78F) Platts MX assessments are published on Petrochemical Alert (PCA) pages: 328, 335, 233, 432, 370, 241, 446 and 540.
They are also published in Europe & Americas Petrochemicalscan, Solventswire and in the Platts price database under the following symbols:
Mixed Xylenes CIF ARA MXEAA00 Mixed Xylenes CIF ARA Mo01 MXEAB00
Mixed Xylenes CIF ARA Mo02 MXEAC00 Mixed Xylenes FOB ARA PHABD00
Mixed Xylenes CIF ARA Mo01 spread to EBOB FOB ARA swap MXPRA00
Mixed Xylenes CIF ARA Mo02 spread to EBOB FOB ARA swap MXPRB00
Platts invites all stakeholders and interested parties to engage in the feedback process. The feedback period will conclude on July 31, 2018.
Please send comments and questions to pl_petchems_ln@spglobal.com and pricegroup@spglobal.com. For written comments, please provide a clear indication if comments are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make comments not marked as confidential available upon request.

S&P Global Platts to launch prompt, forward domestic China benzene assessments Aug 1

S&P Global Platts will launch daily prompt and forward domestic China benzene assessments and its import-parity equivalent, effective 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 would comprise of three markers, namely the East China group settled at 70 cents/lb ($1,543/mt) for August, rolling over from July pricing. ExxonMobil and LyondellBasell also maintained stable pricing from July, settling at 71 cents/lb ($1,565/mt) this month, with the latter coming down 1 cent from its initial nomination of 72 cents/lb ($1,587/mt). Shell was the only producer not to roll over from July, settling at the nominated level of 75 cents/lb ($1,653/mt) for an increase of 3 cents/lb ($66/mt). A Shell representative said the company does not "comment on commercial arrangements such as this," while requests for comment were not answered by any of the other three producers. Stable contract pricing for August was expected by many market participants, with some noting that spot activity was thin amid a stable and balanced fundamentals. Spot import butadiene pricing inched higher in the first half of July but has since remained relatively stable, assessed each of the last two weeks at 72.5 cents/lb ($1,598/mt) CIF USG. The most recent pricing indications included a bid for August contract pricing at a 1-cent discount, although there was not much interest at the talked bid level, a source said Thursday.

SABIC declares force majeure on butadiene from Wilton site in UK: sources

SABIC issued a force majeure declaration on butadiene supplies from its Wilton site in the UK, sources said Friday. The company was not available for comment on Friday. According to S&P Global Platts Analytics data, the site has a butadiene production capacity of almost 100,000 mt/year.

SUBSCRIBER NOTES (continued)

prompt marker, East China Bal-M1 marker and the 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 equivalent of the prompt, Bal-M1 and M2 marker 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, including 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 window 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.

S&P Global Platts standardizes CP wording in European petrochemicals methodology guide

S&P Global Platts has updated its European petrochemicals methodology and specification guide to standardize wording relevant to industry-settled contract prices for olefins, aromatics and methanol. Platts has also clarified that it will not publish a CP if industry does not reach a full settlement. Please send questions and comments to petchems@spglobal.com with copy to pricegroup@spglobal.com.

For written comments, please provide a clear indication if the comments are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make comments not marked as confidential available upon request.

S&P Global
Platts

EUROPE & AMERICAS PETROCHEMICAL SCAN
Volume 43 / Issue 31 / August 3, 2018

Editorial: Sydney +61-2-9255-9842. Singapore +65-6530-6584. Tokyo +81-3-3593-8831. London +44-20-7176-6763. New York +1-212-904-4174. Houston +1-713-658-3206.

Client services information: E-mail: support@platts.com North America: 800-PLATTS8 (800-752-8878); direct: +1-212-904-3070; Europe & Middle East: +44-20-7176-6111, Asia-Pacific: +65-6530-6430, Latin America: +54-11-4121-4810.