S&P Global Platts

SOLVENTSWIRE

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PLATTS GLOBAL HYDROCARBON SOLVENTS PRICE ASSESSMENTS

Northwest Europe

	FOB Rdam ($/mt)	FD NWE (€/mt)
Solvent Naphtha (C9)	778–782	843–847
White Spirit (145-195)	743–747	808–812
Hexane (Special Grade)	793–797	853–857
Solvent Toluene		753.00–757.00
Solvent Xylenes		763.00–767.00
	CIF ARA ($/mt)	
Toluene	819.00–823.00	
Mixed Xylene	820.00–822.00	

United States

	FOB US Gulf (¢/lb)	FOB Chicago (¢/lb)
Toluene	40.50–41.50	41.50–42.50
Xylenes	39.50–40.50	40.50–41.50
	FOB US Gulf (¢/lb)	**DER (¢/lb)**
Hexane	48.75–49.25	49.75–50.25
		(¢/gal)
Hexane	–	268.65–271.35

Asia

	FOB Korea ($/mt)	CFR China^ ($/mt)
Solvent MX*	748.00–750.00	774.00–776.00

*Asian Solvent Mixed Xylene assessments reflect the close of Friday the previous week, as published in the Asian Petrochemicalscan and PCA 416. ^basis L/C 90 days. DER = Delivered East of Rockies.

PLATTS GLOBAL CHLOR-ALKALI PRICE ASSESSMENTS

Northwest Europe

	FOB Rdam ($/mt)	FD NWE CP* (€/mt)
Caustic Soda	488.00–492.00	648–652
Chlorine	–	187–191

United States

	FOB US Gulf ($/mt)	FOB Plant* ($/DST)
Chlorine	–	280–290**
Caustic Soda	590–600	630–640**
	US Contract ($/mt)	
Chlorine	345–355	
Caustic soda	560–570	

Asia

	FOB NE Asia ($/mt)	CFR SE Asia ($/mt)	Domestic East China (Yuan/mt)
Caustic Soda	369–371	399–401	959–961

*Europe chlor-alkali contract prices, and US chlor-alkali FOB plant and US contract price assessments are made once a month on the first Tuesday of the month. **$/dst. DER = Delivered East of Rockies.

PLATTS GLOBAL OXYGENATED SOLVENTS PRICE ASSESSMENTS

Northwest Europe

	FOB Rdam ($/mt)	FD NWE (€/mt)
IPA	1168–1172	1098–1102
Phenol*	1213–1217	1136–1140
Acetone T2	583–587	598–602
MEK	1461–1465	1348–1352
E Acetate	1484–1488	1368–1372
B Acetate	1285–1289	1198–1202
	(€/mt)	
Methanol	344.00–345.00	

United States

	FOB US Gulf ($/mt)	DER ($/mt)
IPA	1532–1554	1686–1708
Phenol*	1124–1146	1159–1181
Acetone T1	970–992	–
Acetone T2	–	1135–1157
E Acetate	1610–1632	1653–1677
B Acetate	1444–1466	1488–1510
	(¢/gal)	
Methanol M1 Aug	112.15–112.65	
Methanol M2 Sep	111.85–112.35	
	FOB DSP (190) (¢/gal)	**FOB DSP (200) (¢/gal)**
Industrial Ethanol	272.00–282.00	297.00–307.00

Asia

	CFR China ($/mt)	CFR SEA ($/mt)	CFR India ($/mt)
Phenol	1209–1211	1209–1211	1314–1316
Acetone	599–601	689–691	659–661
Methanol	389.20–391.20		

*Phenol is basis FOB Ex-Tank. FD NWE prices in table based on spot lots of 20 mt in the German mkt. FOB based on larger spot parcels for import/export. Asian phenol, acetone assessments are basis L/C 90 days. US acetone T2 price is a US domestic truck/rail contract price, for MMA use. DER = Delivered East of Rockies. DSP = Distilled Spirit Plant. Europe methanol price is in Euro/mt and reflects weekly average at close of Friday the previous week, as published in the Europe & Americas Petrochemicalscan and PCA 346. US methanol price is in cents/gallon and reflects weekly average at close of Friday the previous week, as published in the Europe & Americas Petrochemicalscan and PCA 347. Asia methanol price reflects weekly average at close of Friday the previous week, as published in the Asian Petrochemicalscan and PCA 653.

HYDROCARBON SOLVENTS

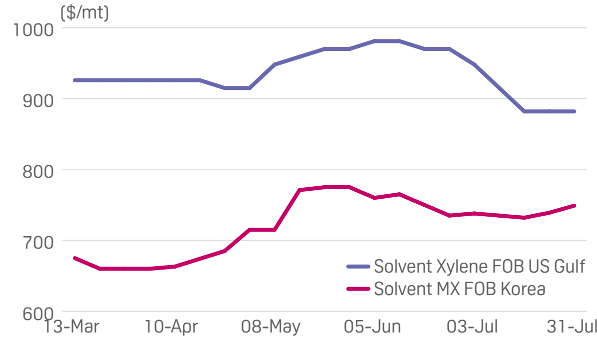
Northwest Europe

SOLVENT NAPHTHA C9: The European truck price of solvent naphtha was assessed stable at Eur845/mt FD NWE this week, in line with indications from the market. Anticipation was for prices to come under pressure during August due to shutdowns at producer DHC Chemical that will last for the duration of September and October. One distributor was still uncertain on how the tightness would impact the market as demand was limited. SOLVENT TOLUENE/MX: The European truck prices of solvent toluene and solvent MX diverged this week as market indications pointed to separate fundamentals. Spot MX FD NWE increased to Eur765/mt, up by Eur10/mt on the week and below indications heard from distributors in a Eur770-780/mt range. Pricing was moving upwards, one said, due to a force majeure resulting in downstream pressure from PX and OX on the barge market. Another source said that this week's movements in crude had also supported a small increase. Solvent toluene remained stable at Eur755/mt, following pressure on the market as stocks in the market were heard to be healthy. Demand was weak as many buyers were on holiday. WHITE SPIRIT: The European truck price of white spirit was assessed stable at Eur810/mt FD NWE. Distributors talked in a range up to Eur820/mt, with a distributor saying one producer was offering limited trade opportunity at levels as low as Eur780/mt, depending on availability. Meanwhile, the white spirit premium over jet fuel was assessed stable at Eur40/mt FOB Rotterdam. HEXANE: The European truck price of hexane was down Eur5/mt at Eur855/mt FD NWE this week. A sell level of Eur860/mt was heard from a distributor this week, while demand and supply fundamentals remained unchanged. The distributor added that a Eur5/mt could be possible on negotiation. The hexane premium over feedstock naphtha was assessed stable at Eur140/mt FOB Rotterdam amid no disproving indications.

United States

XYLENE: US solvent xylene prices were stable for the second consecutive week, following a week in which the barge spot market experienced significant gains. Truck and rail xylene prices were assessed at 40 cents/lb FOB USG ($882/mt) on Tuesday. The FOB Chicago assessment maintained a 1-cent premium to the US Gulf assessment. Suppliers have narrowed their ranges for truck and rail prices this week, as most sources indicated MX solvent prices to be around 40 cents/lb. One supplier was still showing its xylene price at 41 cents/lb, though. Although the barge spot market rose significantly last week, one distributor said this has not yet translated into another price change for truck and rail markets as truck and rail do not immediately react to changes in the barge spot market. US spot barge mixed xylene prices were down slightly to start the week, as spot MX was assessed at 270 cents/gal on Tuesday, down 2 cents/gal from Friday's assessment of 272 cents/gal. The barge price for MX rose most of last week before falling on Monday and Tuesday. Spot barge prices hit a weekly high of 272 cents/gal last Friday, gaining 19 cents/gal from the previous Friday. TOLUENE: US solvent toluene truck and rail prices were flat this week, as suppliers kept watch on the barge spot markets. Toluene solvent prices were assessed at 41 cents/lb FOB USG ($882/mt) on Tuesday, no change from the previous week. Major suppliers have said they were showing solvent toluene prices at 41 cents/lb this week. The FOB Chicago assessment maintained a 1-cent premium to the US Gulf assessment. The stable solvent toluene market was in line with the solvent xylene, which was flat from last week as well. Although stronger toluene barge spot prices have pressured solvent toluene truck and rail prices lower in recent weeks, suppliers have said limited availability for transportation using truck and rail limits the ability for solvent pricing to immediately react to changes in the barge market. Toluene barge spot prices on Tuesday were at 270 cents/gal, no change from Monday. This follows a week in which toluene spot pricing saw a 13-cent rebound from the 6 month low experienced the week before. On Friday, barge spot prices were assessed at 269 cents/gal. HEXANE: US spot prices were higher on the week amid a stronger RBOB and crude values. Hexane pricing closed Tuesday at 48.75-49.25 cents/lb FOB USG and 49.75-50.25 cents/lb DER, both up 0.50 cent on the week. Spot prices typically trend with energy markets, according to market feedback. NYMEX August RBOB gasoline gained 3.35 cents week on week to $2.1291/gal, while NYMEX September crude was up 35 cents over the same period to close at $68.76/b.

GLOBAL HYDROCARBON SOLVENTS ASSESSMENTS



Source: S&P Global Platts

Asia

- East China's mixed xylenes inventory rises 2.78%
- Chinese domestic prices firmer

Solvent mixed xylenes rose by $10/mt on the week to be assessed at $749/mt FOB Korea Friday, tracking the rise in isomer-MX and naphtha. Isomer-MX rose $17.50/mt week on week to $859.50/mt FOB Korea Friday. "Solvent-MX market seems firmer as both upstream and downstream [related products] are up," a Southeast Asian end-user said. Selling indications were heard at $750/mt FOB Korea, $5-$10/mt higher than last week, versus no bids. In Southeast Asia, selling interest was heard at $820/mt against no bids. Tradable value for solvent-MX cargoes arriving in August were heard between $760/mt and $785/mt this week, while domestic cargoes were heard tradable at Yuan 6,550-6,700/mt ex-tank in East China, up Yuan 100-200/mt week on week. This translated to $784.72/mt on an import parity basis. “It is gasoline consumption season, inventory levels are not high and demand is picking up,” a Chinese trader said. East China inventory for mixed xylenes, comprising both isomer-MX and solvent-MX, rose week on week by 2.78% to 37,000 mt.

Rationale

Solvent-MX was assessed at $749/mt FOB Korea Friday, up $10/mt week on week, tracking gains in isomer-MX and below selling indications heard at $750/mt FOB Korea. CFR China solvent-MX was assessed at $775/mt Friday, between tradable values at $760/mt and $785/mt heard this week. The CFR Southeast Asia marker was assessed at $802/mt, up $10/mt on the week, below selling interest heard at $820/mt. No buying interest was heard for FOB Korea and CFR Southeast Asia cargoes.

OXYGENATED SOLVENTS

Northwest Europe

ACETONE/PHENOL: European producers continued struggling with poor margins this week, still unable to get strength in phenol to offset the impact of an oversupplied acetone market. Spot prices slipped back to Eur600/mt FD NWE, down Eur20/mt week on week. Phenol’s premium over benzene remained assessed at Eur390/mt. “Producers are losing money on acetone, as output is high because of the good phenol demand,” a trader said. He added that there was now talk of producers potentially trimming run rates to curb the acetone oversupply. A producer echoed the sentiment: “We are swimming in acetone. All producers are producing well and the prices are low.” Falling Rhine water levels were reportedly causing logistical headaches to inland consumers, while barging costs were also on the rise amid partial loadings. On the production side, France’s Novapex was reportedly undergoing maintenance works at the moment. Germany’s Domo was scheduled to conduct maintenance in Leuna for 30 days, starting September 1. This was expected to be followed by a shorter — between one and two weeks — outage at Cepsa’s one line in Huelva, Spain. IPA/MEK: The European isopropanol market remained stable this week at Eur1,100/mt FD NWE. There continued to be less material shipped from the US amid the ongoing strength there, with the US FOB prices hovering around $240/mt above Europe. On the other hand, a trader mentioned imports from Korea and Azerbaijan coming in. MEK prices meanwhile were assessed Eur30/mt lower on the week at Eur1,350/mt in line with a trader peg. The prices continued adjusting downwards from last year’s highs amid resupply from China. On the domestic production side, Novapex’s IPA production should also be down alongside its acetone. Furthermore, Ineos was expected to conduct works at its Moers plant in autumn, taking down its IPA line in September and subsequently MEK line in October. ETAC/BUTAC: An ongoing shortage of product in Europe pushed etac spot prices up Eur100/mt, or 7.8%, week on week to Eur1,370/mt FD NWE, refreshing a 16-year high. Sources said that the key European producer, Ineos, was to restart its Hull plant in the UK by the end of the week, however this would not necessarily alleviate the tightness immediately as it would take time to rebuild the inventories. Still the sentiment was likely to change towards the end of August, and hence fresh imports remained unlikely. Spot prices were heard in a Eur1,270-1,450/mt range. “The high end will probably be gone, but Eur1,350/mt will remain as acetic acid is still expensive,” a trader said. In butac, the spot prices remained unchanged this week at Eur1,200/mt. The availability was expected to improve amid normalizing supplies of feedstock butanols.

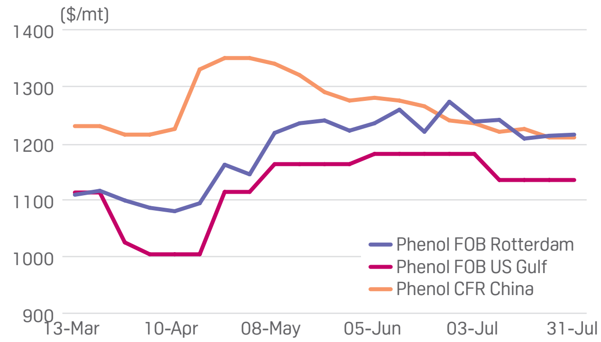
United States

ACETONE: US spot truck and rail acetone prices were steady on the week as pricing saw support from a rollover in propylene contracts. July polymer grade contracts were flat to June at 59 cents/lb while chemical-grade contracts were level at 57.50 cents/lb. pricing continued to be talked in the mid-40s cents/lb range for trucks. Additionally acetone pricing saw support from refinery-grade propylene, which was last assessed at 44.50 cents/lb, according to S&P Global Platts data. Sources continued to talk pricing this week at 44-45 cents/lb ($970-$992/mt) FOB USG. Related to fundamentals, the market was heard well-supplied and sources noted a strong phenol market added length to the acetone market. MMA contracts were heard settled at 53 cents/lb for July, though confirmation was not available at time of publication. PHENOL: Phenol prices moved higher this week following gains in raw materials. Domestic ex-tank phenol pricing was assessed up $57 to $1,170/mt FOB USEC following gains in the benzene contract. The August US benzene contract was heard settled at 288 cents/gal this week, up 4 cents from the July settlement of 284 cents/gal. Sources said fundamentals were relatively stable this week and demand was healthy and run rates were strong. Sources continued to talk pricing with adders at a 12-15 cents/premium to benzene. Export values were unchanged at $1,135/mt FOB USG amid flat pricing in Asia. The S&P Global CFR China phenol assessment finished at $1,210/mt. Cumene prices were stronger on the week, finishing Monday’s session at 329.15 cents/gal, up 9.15 cents on the week. IPA: The US IPA market remained stable Tuesday, holding at the assessed level of 69.50-70.50 cents/lb ($1,532-$1,554) FOB USG and at 76.5-77.5 cents/lb ($1,686-$1,708/mt) DER for domestic prices. In feedstocks, the US propylene market will has been monitoring Texas PDH units which have seen several production blips over the past few weeks, lending support to spot prices. US refinery-grade propylene was last assessed Monday at 44.25-44.75 cents/lb FD USG on a three- to 30-day basis, stable on the week. The July propylene contract settled last week at a rollover. ETAC: ETAC prices were unchanged on the week as upstream acetic acid market recovery begins and supply ramps back up. Acetic acid supplier BP was heard to have restarted production at their Texas City, Texas, facility and supplying contracts again, a source said, although spot availability continued to be heard limited. Pricing and supply are set to fully recover sometime in the fall. Spot ETAC closed Tuesday at 73-74 cents/lb ($1,610-$1,632) FOB USG, while domestic pricing was assessed at 75-76 cents/lb ($1,653-$1,677) DER. BUTAC: The BUTAC market was level on the week, as prices closed Tuesday at 65.5-66.5 cents/lb (1,444-1,466/mt) FOB USG, while domestic pricing was assessed at a 2-cent/lb premium at 67.5-68.5 cents/lb ($1,488-$1,510/mt) DER, both stable on the week. Feedstock markets acetic acid and n-butanol remain unchanged on the week holding at assessed levels of $1,121-1,131/mt FOB USG and $1,080/mt FOB USG, respectively. INDUSTRIAL GRADE ETHANOL: The industrial-grade ethanol market moved higher on the week Tuesday, tracking movement in related Chicago Argo ethanol market. Industrial-grade ethanol prices closed at 272-282 cents/gal for 190 proof and 297-307 cents/gal FOB DSP for 200 proof, both up 2 cents on the week. Per market feedback, the spread between the 190 and 200 proof grades typically ranges between 15-25 cents/gal. On the week, the Chicago Argo ethanol assessment moved 4.225 cent/gal on the week, and over a 30-day period, closing Tuesday at 146.525 cents/gal.

Asia

Trading activity in the Asian phenol/acetone market was thin this week, as supply and demand was balanced Tuesday, market sources said. While the market continued to anticipate the start up of new supply from India, demand from the downstream bisphenol-A market continued to support the market Tuesday. India's Deepak Phenolics, with a nameplate capacity of 200,000 mt/year of phenol and 120,000 mt/year of acetone, is India's first phenol/acetone production plant. The unit is expected to come online H1 August. Meanwhile supply from Deepak Phenolics had earlier been expected to fulfill only domestic demand, but buyers in the Asian phenol market said Tuesday that offers had been heard from the plant, as Indian exports were expected to be a permanent feature in the Asian market. Feedstock benzene was assessed up $40.30/mt on the week at $877.33/mt FOB Korea Tuesday, while propylene, another feedstock for phenol/acetone, was assessed up $10/mt over the same period at $1,070/mt FOB Korea. PHENOL: Phenol was assessed unchanged on the week at $1,210/mt CFR China, despite firm gains in domestic East China prices. Prompt domestic cargoes were heard Yuan 425/mt higher on the week at Yuan 9,500/mt Tuesday, or $1,161/mt on an import parity basis. The persistent gain in domestic prices were heard as a result of a weakening Yuan relative to the US Dollar, while demand from downstream end-users did little to support phenol prices. The Chinese Yuan/US Dollar exchange rate stood at 6.8165 Tuesday, up from 6.7891 last Tuesday. Talk in the market was on the possibility of a further weakening Yuan, amid expectations that the Chinese Yuan/US Dollar rate may fall to 7.0000. Demand was tepid, as producers did not notice a rise in the volume of inquiries. With domestic prices on the rise, a buyer in the Chinese market was heard considering importing cargoes on a CFR China basis, if prices were sufficiently "competitive". Despite the gain in domestic prices, discussion levels in the Asian market was heard stable amid thin trading. As a result, CFR India and CFR SEA were assessed unchanged on the week at $1,315/mt and $1,210/mt respectively. ACETONE: On the back of a weakening Yuan, domestic acetone prices were heard up Yuan 250/mt on the week at Yuan 4,725/mt Tuesday, or $561.57/mt on an import parity basis. However, demand continued to be lukewarm in the Chinese and Asian market, as producers were not offering cargoes for August and September-delivery on a spot basis, market sources said. CFR China was assessed unchanged on the day at $600/mt Tuesday. The CFR India and CFR SEA marker was assessed unchanged over the same period at $660/mt and $690/mt respectively.

GLOBAL OXYGENATED SOLVENTS ASSESSMENTS



Source: S&P Global Platts

METHANOL

Northwest Europe

- **No Friday deals heard**
- **Maintenance in Russia to pick up**

The European daily methanol price was assessed down Eur2 on the day to Eur342.50/mt FOB Rotterdam for the 5-30 day laycan Friday. The market was quiet and no deals were reported on Friday. One source said declining water levels on the River Rhine were having an impact on market activity, with barges loading reduced volumes in Rotterdam. Rhine levels at key chokepoint Kaub are currently pegged at 97 cm, down from 107 cm last Friday, according to the German waterways authority. In plant news, Russian methanol producer Metafrax is expected to stop its 1.2 million mt/year Gubakha plant for a planned maintenance at the end of the coming week, a source close to the company said, adding that the turnaround period should last for three weeks. Looking ahead, a second Russian methanol producer is set to undergo maintenance, with Tomsk Methanol planning to carry out maintenance in mid-September, a source close to the company said Friday. The source said works are expected to last four weeks. The plant has a capacity to produce 1 million mt/year.

Rationale
S&P Global Platts assessed the 5-30 day spot methanol price at Eur342.50/mt Friday, down Eur2 on day. There were two deals done Thursday after the market close: August at Eur342.50/mt and September at Eur340/mt. No fresh bids, offers and trades were heard throughout Friday. Platts assessed August and September in line with the reported deals.

United States

- **Market conditions expected bearish next week**
- **SCC cuts August CP by 5 cents to 144 cents/gal**

US methanol prices were stable to end the week Friday, as the spot assessments rolled to August as the front month. US spot methanol was assessed Friday at 111.75-112.25 cents/gal FOB USG for August and September. Front-month product was stable day on day and week on week, while forward-month product fell 1 cent day on day but rose 2.25 cents week on week. The market continues to hold steady in anticipation of the second August methanol contract post from Methanex. Activity was limited Friday, while participants talked notional pricing for August at 112 cents/gal FOB USG, with front- and forward-month market structure talked flat. Late Thursday morning, Southern Chemical Corporation announced in a notice to customers that it cut its August North American posted contract price by 5 cents to 144 cents/gal ($479/mt) FOB USG. SCC is the US distributor for Methanol Holdings Trinidad, the largest producer in the Americas at 4.1 million mt/year capacity. Methanex ranks as the world's largest methanol producer by capacity. Participants expect bearish market conditions to return into next week. Across the Atlantic, European methanol prices fell Eur2/mt on the day and Eur3/mt week on week to close Friday at Eur342.50/mt ($399.12) FOB Rotterdam. In Asia, spot prices rose $13/mt on day and $4/mt on the week to close Friday at $398/mt CFR China.

Rationale
US spot methanol was assessed Friday at 111.75-112.25 cents/gal FOB USG for August and September. Front-month product was stable day on day and week on week, while forward-month product fell 1 cent on the day but rose 2.25 cents on the week. The assessment was in line with notional pricing for August talked at 112 cents/gal with front- and forward-month market structure talked flat.

Asia

- **Canada's Methanex nominates Aug ACP at $490/mt**
- **China-SEA arbitrage window opens**

Asian methanol was steady Tuesday amid thin trade. Canada-based Methanex on Tuesday nominated its Asia Contract Price for August at $480/mt CFR, down $10/mt from its July nomination. Firm demand from Southeast Asian end-users, coupled with tight supply in the region, opened the arbitrage window for methanol from China to Southeast Asia, market sources said. Supply was likely to remain tight in Southeast Asia in Q3, requiring imports to make up the shortfall, regional sources said. One factor is Malaysia's Petronas Chemicals shutting its 1.7 million mt/year No. 2 methanol plant at Labuan for longer than expected. It will be shut on August 13 for 48 days, while it was expected to be closed for only about a month, market sources said. Brunei Methanol Company's 850,000 mt/year plant has experienced technical issues throughout the year, keeping its operating rates relatively low, a source close to the company said. Both companies have relatively low methanol stocks and were supplying contract volumes only, according to market sources.

Rationale
The CFR China methanol marker was stable on the day at $398/mt Tuesday. Other buying indications were heard at $360/mt CFR China. The CFR Southeast Asia marker was stable on the week to $439/mt Tuesday.

CHLOR-ALKALI

Northwest Europe

- **Expectation of reduction in caustic run rates**
- **VCM slides with low PVC demand**

European caustic soda continued to slide this week dropping $50 to be assessed at $490/mt FOB Rotterdam. A quiet summer period has seen demand continue to drop. Demand will remain low until late August when the holiday period ends, a trader said. The Mediterranean is even longer than Northern Europe where lots of product has seen prices slip well below NWE levels. There is a lot of product in tanks in the Spain, a trader said. September may see prices increase as a major European producer is to undergo maintenance, he said. French producer Kem One will start six weeks' maintenance on August 27 at the company's caustic soda facility in Fos-sur-Mer, Platts reported in early July. Material from the Middle East has been heard offered at very low numbers and this has helped to drive down prices in the Med, a market participant said. There has been the suggestion that the low caustic prices and large quantities in tanks could see run rates reduced which could impact products downstream of co-product chlorine. EDC: European ethylene dichloride remained was assessed unchanged at $300/mt this week as the market remained quiet. The suggestion of reduced rates in caustic soda and chlorine production could see this price gain in the coming months, a trader said. VCM: Vinyl chloride monomer in Europe was assessed down $10 at $620/mt FOB NWE. The spot market was sluggish as demand dropped from PVC producers. "Inventories of PVC are the highest in the last 18-24 months," a trader said.

Rationale
S&P Global Platts assessed spot caustic soda prices at $490/mt FOB Rotterdam Tuesday, down $50 on the week as demand continued to drop and within an indication heard at $400-$500/mt. The VCM spot price was assessed

at $620/mt FOB NWE down $10 on the week with dropping demand from downstream PVC. EDC spot prices were assessed stable at $300/mt FOB NWE in line with indications in the range $290-310/mt.

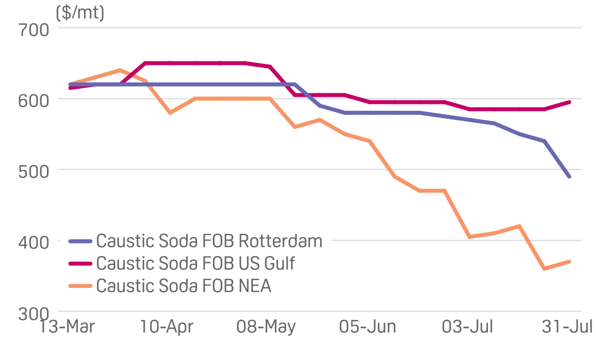
United States

CHLORINE: US spot chlorine prices were assessed Tuesday at $280-$290/st FOB plant, unchanged week on week, amid strong summer demand and record-breaking heat. Water treatment demand rises seasonally during warmer months, and temperatures in several US regions have hit record highs at or near 100 degrees Fahrenheit this year, with August yet to come. Such high temperatures can reduce chlorine levels in exposed water, increasing chlorine usage to prevent bacteria growth. Industry statistics show chlorine operating rates reached 94% in June, up from 92% in May and 91% in June 2017.CAUSTIC SODA: US export caustic soda prices were assessed Tuesday at $590-$600/mt FOB USG, up $10/mt week on week, amid pricing indications at the assessed level in thin market activity. A market source said inventory was tight, helping boost pricing indications, though spot deals were scarce. OxyChem was heard to have wrapped up maintenance at its chlor-alkali plant in Geismar, Louisiana, last week, the latest in a string of turnarounds at the company's US chlor-alkali facilities, potentially increasing export volume availability. Asian caustic soda prices rose week on week Tuesday, partially rebounding from the lowest levels since October 2016 reached last week. Prices rose $10/mt to $370/mt FOB Northeast Asia and $400/mt CFR Southeast Asia, according to S&P Global Platts data. Asian caustic soda prices have been pressured in recent weeks by incoming cargoes from the Middle East and Japan, as well as downstream plant inspections in China that siphoned demand. An Asian market source said some Chinese chlor-alkali plants had cut rates with prices below the breakeven level to $400/mt. Some sources said prices had hit bottom with Japanese inventories cleared and fresh demand emerging ahead of the early 2019 startup of a new alumina refinery startup by Emirates Global Aluminum (EGA) in the United Arab Emirates. "The Japanese fire sale was just a fire sale - very much irregular and limited deal," a US market source said. In Europe, caustic soda prices plummeted $50/mt to $490/mt FOB Rotterdam amid soft demand in Northern Europe and the Mediterranean and low prices for Middle Eastern product. In the US Shintech has begun construction on a $1.49 billion expansion of production along the entire polyvinyl chloride chain at its Louisiana complex, including the addition of 635,029 mt/year of chlorine, and 725,747 mt/year of caustic soda. The project marks the first chlor-alkali capacity increase since early 2016 when caustic soda margins expanded in the aftermath of capacity consolidation, but startup won't come until late 2020, leaving producers confident of maintaining healthy margins for the foreseeable future. Norsk Hydro executives remain in talks with Brazilian regulators about lifting an order limiting output to 50% at its Alunorte alumina refinery, the world's largest. Production has been halved since February when heavy rains raised concerns about contaminated leaks from bauxite residue deposits.

Asia

FOB Northeast Asia caustic soda rose $10/mt week on week to be assessed at $370/mt Tuesday after falling to the lowest level since October 2016 last week. The Asian caustic soda market has been under pressure for a few weeks, amid active selling by Japanese traders. Japan's caustic soda stocks had been building up as heavy rain in early July damaged a key export terminal on the western coast. It resumed normal operations recently. This week, a transaction was heard at $350-$360/mt FOB Japan. The Japan Soda Industry Association said Tuesday that caustic soda stocks jumped 43.8% from a year earlier to a five-month high of 160,345 mt at the end of June. On the other hand, Chinese caustic soda makers were not in a hurry to sell spot cargoes. A market source pointed out that some Chinese plants had cut operating rates due to negative margins, which kept China's caustic soda inventory relatively low. The tradable level basis FOB China was heard in the low $400s/mt this week, with an offer at $460/mt FOB China. Due to low inventory in China, the domestic price remained stable week on week at Yuan 960/mt Tuesday. Market sources said that the Asian caustic soda market had hit the bottom as Japan stocks had been almost been cleared, and fresh demand emerged in Q3, in line with the a planned startup of a new alumina refinery in the Middle East. Meanwhile, CFR Southeast Asia caustic soda was assessed up $10/mt week on week at $400/mt Tuesday, with the tradable level heard in the low $400s/mt. FOB USG caustic soda was assessed at $585/mt last Tuesday, unchanged from a week earlier, S&P Global Platts data showed.

GLOBAL CHLOR-ALKALI ASSESSMENTS



Source: S&P Global Platts

NEWS BRIEFS

No timeline on Brazilian alumina refinery ramp-up: Norsk Hydro CEO

Global aluminum supplier Norsk Hydro remains in talks with Brazilian regulators about resuming full rates at its Alunorte alumina refinery, but CEO Svein Richard Brandtzaeg said July 24 the company has no time line on when that ramp-up will occur. "We do not know exactly

SUBSCRIBER NOTES

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.

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 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 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.

JOVO Chemical Co. Ltd. Dongguan to join Asia methanol physical MOC JOVO Chemical Co. Ltd. Dongguan has advised

S&P Global Platts that it would like to participate in the Platts Asia Market on Close assessment process for Asia Methanol physical (CFR China). Platts has reviewed JOVO Chemical Co. Ltd. Dongguan and will consider information from the company in the assessment process for Asia methanol physical, subject at all times to adherence with Platts editorial standards. Platts will publish all relevant information from JOVO Chemical Co. Ltd. Dongguan accordingly. Platts welcomes all relevant feedback regarding MOC participation. Platts considers bids, offers and transactions by all credible and credit-worthy parties in its assessment processes. For comments and feedback, please contact Platts editors at petchems@spglobal.com and moc_review@spglobal.com.

Operational tolerance standards in CFR India methanol cargo

S&P Global Platts assessments for CFR India methanol reflect cargo volumes and product quality that conform to typical industry practice and standards, including for operational tolerance on delivered volumes. Effective June 25, 2018, Platts assessment for CFR India methanol prices reflect 5,000-10,000 mt cargoes loading 20-40 days from the day of publication. Platts considers for publication bids, offers and interest to trade cargoes that reflect an operational tolerance of plus/minus 5%, in line with standard industry practice, in sellers option. The formula used for pricing operational tolerance does not change and remains the same as the initial contracted price. Platts remains committed to reflecting standard cargo sizes in its assessments and constantly reviews existing methodology to ensure its assessments reflect standard traded parameters in a given market. 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 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.

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 what it will take for the authorities to lift the embargo, and the timing to get back to 100% is still uncertain," he said during the company's quarterly earnings call. Norsk Hydro is the majority owner of the plant in Brazil's northern state of Para, the world's largest with a capacity of 6.2 million mt/year that typically produces about 5.8 million mt/year. The plant also typically sources about 50,000 mt/month of US-origin caustic soda to feed the refinery, but that flow has been halved since February, after Brazilian regulators ordered the company to cut rates 50% after authorities suspected potential leaks from bauxite residue deposits during heavy rainfall. The company also has been running its Paragominas bauxite mine and Albras aluminum plant at 50% as well because of the Alunorte cutback. Brazil is the top export market for US caustic soda, having received 2.5 million mt of US caustic soda in 2017, or 39% of all US caustic soda exports last year and up 13% from 2016, according to US International Trade Commission data. From January to April this year, exports dropped 42%, and then rose nearly 16% from April to May, the data showed. The Secretariat of Environment and Sustainability, regulators in Para, and the Brazilian Institute of the Environment and Renewable Natural Resources, the Brazilian Ministry of the Environment's administrative arm, have concluded that the deposits did not overflow during February's rainfall. The company has been meeting with those agencies as well as Brazil's Public Prosecutor's Office to craft a plan to resume normal output at the refinery. When ready, that plan must be presented to a judge and receive a court order to lift the embargo, Brandtzaeg said. An analyst commented during the call that the situation "feels like it's a chess game, but nobody wants to go first." Brandtzaeg said the negotiations have been a "maturing process," which included the company's retention of an independent Brazilian environmental consulting firm to examine the site. That firm also determined there was no overflow. He said the talks include other protective actions the company could take to satisfy regulators. "We are not in a situation where we really think we are not going to find a solution," he said. "It's just a matter of time when the solution will be found and agreed with." When asked if the company would turn adversarial and seek a court order to resume full production if a deal is not reached by November or December, Brandtzaeg said Norsk Hydro would "rather find a constructive agreement with the government, avoiding that sort of legal pressure." In the meantime, Norsk Hydro has been buying alumina in spot markets to make up for what it has not been able to produce. "We are mostly covered for our smelting capacity for the rest of the year," Brandtzaeg said.

Methanol arbitrage from China to Southeast Asia viable from end-June

Firm demand from Southeast Asia's end-users, coupled with tight supply in the region, opened up an arbitrage window for methanol to be shipped from China to Southeast Asia starting end-June, market sources said. The 20,000 dwt chemical tanker Bum Shin, after a stint in South Korea's dry docks, will begin loading on August 2 China-origin methanol from East China, bound for Southeast Asia's major biodiesel end-users Wilmar International and Musim Mas, industry sources said. Methanol demand for the biodiesel sector, such as palm methyl ester, is traditionally driven by Government mandates, for example, Indonesia's mandate for 20% biodiesel blend in diesel, known as B20, and Malaysia's B7 mandate. However, when the spread between Bursa Malaysia CPO futures and ICE Gasoil futures — called the POGO spread — is negative, arbitrage opportunities become viable for discretionary blending, as biodiesel

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becomes cheaper than its crude counterpart. As discretionary blending becomes the driving force, feedstock methanol, which is required in biodiesel production in a 1:10 ratio, becomes increasingly in demand for Southeast Asian biodiesel producers. Such a discretionary blending arbitrage began early-May, when the POGO spread reached minus $70-$80/mt, and Chinese PME demand surged. Discretionary blending of PME into gasoil blendstock or light cycle oil for marine fuel in China is viable when the POGO spread is at minus $70/mt, market sources said. The arbitrage window for discretionary blending has been tightly shut since S&P Global Platts first assessed the POGO spread in February 2015. Sources estimated 250,000-350,000 mt of PME were booked by Chinese buyers in May for June-July loading from Indonesia and Malaysia. CHINA TO SOUTHEAST ASIA METHANOL ARBITRAGE WINDOW OPENS END-JUNE On Friday, the CFR Southeast Asia methanol price rose $5/mt on the day to $435/mt, $3/mt above the FOB China prompt price plus freight, marking the beginning of the China to SEA arbitrage. For enterprising methanol traders willing to take on a position in China's domestic paper markets, the arbitrage window opened even earlier. From mid-June onwards, Oman Trading International and other traders took advantage of competitively priced H2 July forward market — equivalent to around $395/mt FOB China back then — for delivery into Southeast Asia, assuming an open arbitrage window, according to several industry sources. "China market was undervalued, so when we saw the backwardation of domestic [China] prices, and knowing that Southeast Asia would potentially rally because of firm biodiesel demand, we figured the risks are not that high," an OTI trader said. The 20,000 mt of methanol loaded on Bum Shin is an example of such a bet paying off, market sources said. The CFR China price has risen $16/mt from the beginning of June to $439/mt Friday, according to Platts data. The freight rate for shipping a methanol cargo from South China to Southeast Asia is typically $20/mt, from East China to SEA is about $30/mt, and from North China about $35/mt, market sources said. Typically, South China has stronger connections with the Southeast Asian methanol market. "We are redirecting South China cargoes to Southeast Asia, due to the low domestic prices in China," a source at Sinopec Singapore said. East China traders typically imports global methanol, and trade Chinese gas and coal-based methanol in the domestic markets, but the recent spike in Southeast Asia prices have also drawn intense interest. From July onwards, East China traders have been reaching out to Southeast Asian participants for possible trade opportunities, but acceptance of China-origin methanol specification is an issue, industry sources said. Natural gas-based Chinese methanol is readily accepted by Southeast Asia if IMPCA standard is met, but the more abundant coal-based methanol posed additional barriers, a Southeast Asian formaldehyde end-user said. Merchant methanol reference specification is maintained by the International Methanol Producers and Consumers Association. "To use coal-based methanol, additional testing needs to be done. TMA for smell test, and Aromatics testing — since coal-sourced methanol has more impurities," an end-user said, referring to the optional testing under the IMPCA specifications regime. Operational issues may include the requirement to change catalyst more often, leading to higher costs, the source said. "But the price difference makes up for that risk." Meanwhile, Southeast Asia methanol supply will likely continue to be tight in Q3, requiring imports to make up the shortfall, Southeast Asian sources said. One factor is the longer than expected shutdown of Malaysia's Petronas Chemicals 1.7 million mt/year No. 2 methanol plant at Labuan, which will shut August 13 for 48 days compared with earlier estimates of about a month, market sources said. The Brunei Methanol Company's 850,000 mt/year plant has experienced technical issues throughout the year, keeping its operational rates relatively low, a source close to the company said. Both companies have relatively low methanol inventories and are supplying contract volumes only, according to market sources. The China to Southeast Asia arbitrage continued to be marginally open on Friday, considering the notional FOB China price of $403/mt, plus freight of about $20-$30/mt, compared with the CFR SEA assessed price of $429/mt. China's flagging appetite for biodiesel, may be the reason for the eventual closure of the China to SEA methanol arbitrage window, sources said. In July, Chinese buyers stopped buying PME as they had difficulty blending the material bought earlier into gasoil and marine fuel. Despite that, the POGO arbitrage remains open on paper as the spread was at minus $137.49/mt on Friday.

Methanex expects strong Q3 methanol prices, production: CEO

Global methanol prices remained firm through the first half of 2018, but some volatility could emerge in the near term as new supply ramps up along the US Gulf Coast and trade flows shift, Methanex CEO John Floren said Thursday.

Floren said the methanol outlook for the third quarter was favorable, with strong prices and higher production, he said during the company's second-quarter 2018 earnings call. However, more supply is entering the market as Natgasoline's 1.75 million mt/year plant in Beaumont, Texas — the US' largest — ramps up. In addition, as demand grows, Natgasoline's output is expected to displace US Gulf Coast imports from Trinidad and Tobago and boost US methanol exports as well. Prices continue to sit well above the cost curve amid robust demand in the energy sector, Floren said. Those include methyl tert-butyl ether (MTBE), fuel blending markets and better dimethyl ether affordability on higher oil prices, despite low operating rates at some methanol-to-olefins facilities because of planned or unplanned maintenance that has since wrapped up, Floren said. Methanol's spot discount price to the North American monthly contract price has been, on average, 15%, Floren said. Methanex is continuing work on bottlenecking projects at its Geismar I and II facilities, which will be carried out during planned turnarounds over the next few years, CEO Floren said. Additionally, the firm is progressing on its third US methanol production facility, Geismar III, adjacent to its existing Geismar I and II production facilities in Louisiana. The third facility would bring the facility's total capacity to about 3.8 million mt/year, he said.

DHC Gelsenkirchen solvents plant to enter maintenance in August

DHC Solvent Chemie's plant at Gelsenkirchen, Germany, is to enter extended maintenance at the end of August, a company source said Thursday. The maintenance will last through September and October and impact its heavy aromatics business. The Gelsenkirchen facility takes olefins feedstocks to produce solvent C9 and hexane. According to a mraket source, problems have already arisen at the plant prior to the planned maintenance affecting all heavy aromatics deliveries. DHC declined to comment on this issue.

