

Asian Petrochemicalscan

Volume 25 / Issue 27 / July 8, 2011

Aromatics (\$/mt)

	FOB Korea	CFR Taiwan	CFR SE Asia	CFR Japan	CFR India	CFR China	China Domestic
Benzene	1123.50-1124.50*	1133-1135*	1105.50-1106.50	FOB*			
H2 Jul	1120-1122		-18				
H1 Aug	1122-1124		-18				
H2 Aug	1124-1126		-18				
H1 Sep	1126-1128						
H2 Sep	1129-1131						
Benzene Paper Swaps: Bal month Jul		1122-1124					
Aug		1124-1126					
Sep		1129-1131					
Oct		1134-1136					
Toluene	1121.50-1122.50 FOB*	1134-1136**	1109-1111**		1159-1161	1130.50-1131.50**	8445-8455**
H2 Jul	1120-1122		1094-1096 FOB*			1135-1136++	
H1 Aug	1121-1123					1130-1132**	
H2 Aug	1121-1123					1134-1136++	
H1 Sep	1112-1114					1130-1132**	
H2 Sep	1112-1114					1134-1136++	
SOL-MX	1135-1137**	1135-1137**	1175-1177 CFR**		NA-NA	1171-1173**	
ISO-MX	1193.50-1194.50*	1208.50-1209.50**	1208-1210 CFR**	-	-	1175-1177++	
H2 Jul	1199-1201	1214-1216					
H1 Aug	1194-1196	1209-1211					
H2 Aug	1192-1194	1207-1209					
H1 Sep	1190-1192	1205-1207					
OX	1301-1303**		1309-1311 CFR**	NA-NA**	1294-1296**	1314-1316**	
PX	1386.50-1387.50*	1406.50-1407.50+	1396-1398+				
H2 Jul	1384-1386	1404-1406					
H1 Aug	1386-1388	1406-1408					
H2 Aug	1386-1388	1406-1408					
H1 Sep	1389-1391	1409-1411					
Styrene	1429.00-1430.00 *	1448-1450	1448-1450 CFR**	1448-1450**	1414-1416**	1453.00-1454.00++	11050-11100
H2 Jul	1427-1429					1452-1454	
H1 Aug	1428-1430					1453-1455	
H2 Aug	1429-1431					1454-1456	
H1 Sep	1430-1432						
Methanol	374.00-376.00 CFR	357.00-359.00	392.00-394.00 CFR	374.00-376.00**	363.00-365.00	352.00-354.00**	2755-2765*
Methanol CP CFR Asia (Jul)	420						
Methanol FOB China	379.00-381.00						
MTBE	1192-1194 FOB Singapore		MTBE factor: 1.118	-	-		
Bioethanol (\$/cu m)	804.00-806.00 FOB Singapore**		857.67-859.00 CIF Philippines**				
Biodiesel			1091.95-1092.05 FOB				

Weekly Averages

Benzene	1078.20-1079.20	FOB Korea	SM	1418.50-1419.50	CFR China
Benzene	1056.20-1057.20	FOB SEA	SM	10835-10885**	China Domestic
Toluene	1081.00-1082.00	FOB Korea	Methanol	352.40-354.40	CFR China
Toluene	1097.30-1098.30**	CFR China	Methanol	386.20-388.20	CFR SE ASIA
Toluene	1101.30-1102.30++	CFR China	Methanol	2757.00-2767.00	China Domestic
Toluene	8360-8370**	China Domestic	Bioethanol (\$/cu m)	798.00-799.80**	FOB Singapore
PX	1363.10-1364.10	FOB Korea	Bioethanol (\$/cu m)	849.40-850.93**	CIF Philippines
PX	1383.10-1384.10	CFR Taiwan/China	Biodiesel	1060.15-1060.25	FOB SEA
Iso-MX	1160.10-1161.10	FOB Korea	MTBE	1158.60-1160.60	FOB Singapore
Iso-MX	1173.90-1174.90	CFR Taiwan	MTBE factor	1.123	
SM	1394.70-1395.70	FOB Korea	Naphtha (Jul 08)	984.25-985.25	CFR Japan
SM	1413.80-1415.60	CFR Taiwan			

*LC at sight, **LC 0-30 days, +LC 30-45, #LC 30 days, ++LC 90 days. Note: Paraxylene CFR assessments are basis CFR Taiwan/China. Styrene CFR assessments are basis CFR Taiwan/China. Credit differentials calculated using 1 month LIBOR +1.5%. No balance-month assessments from 16th of each month. PTA CFR China assessments reflect Fridays MOC assessment

Olefins (\$/mt)

	FOB Korea	CFR Taiwan	CFR SE Asia	FOB Japan	CFR China	CFR NE Asia
Ethylene**	1093-1095		1150-1152			1143-1145
Propylene**	1400-1402	1470-1472	1298-1300	1400-1402	1470-1472	
Butadiene**	4299-4301	4199-4201	3799-3801	3999-4001	4199-4201	

Weekly Averages

	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Average
Ethylene CFR NE Asia	1120-1122	1120-1122	1130-1132	1130-1132	1143-1145	1128.60-1130.60
Ethylene CFR SE Asia	1120-1122	1120-1122	1130-1132	1130-1132	1150-1152	1130.00-1132.00
Propylene FOB Korea	1350-1357	1355-1357	1360-1362	1375-1377	1400-1402	1368.00-1370.00

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

Fiber Intermediates (\$/mt)

	CFR SE Asia	CFR India	CFR China	China Domestic
PTA	1166-1168	1166-1168	1166-1168	9050-9100
MEG++	1205-1207		1205-1207	

Weekly Averages

	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Average
PTA CFR China	1157-1159	1157-1159	1164-1166	1162-1164	1166-1168	1161.20-1163.20
PTA China Domestic	9025-9075	9025-9075	9080-9120	9060-9090	9050-9100	9048.00-9092.00
MEG CFR China	1231-1233	1227-1229	1223-1225	1220-1222	1205-1207	1221.20-1223.20
MEG China Domestic	9380-9420	9330-9370	9330-9370	9300-9350	9250-9300	9318.00-9362.00

* PTA CFR China Domestic & MEG China Domestic in Yuan/mt

Benzene

Benzene surged Friday as the spot market took off following sharp increases in overnight US and European markets. The FOB Korea benchmark was assessed at \$1,124/mt, up \$45.50/mt day on day and \$71/mt week on week. Overnight Thursday, FOB US Gulf prices leapt 12 cents/gallon — or nearly \$36/mt — to 389 cents/gal, while CIF ARA prices jumped \$35/mt to \$1,155/mt. Early concluded spot deals Friday saw Interchem selling a September cargo to Shell for \$1,115/mt FOB Korea. China-based Yaguang sold an October parcel to Soho for \$1,121/mt FOB Korea. Subsequently, Interchem sold another September cargo to an unspecified buyer for \$1,120/mt FOB Korea. By midday, September was traded as high as \$1,130/mt FOB Korea. Spot market focus shifted from September to August in the afternoon as China Aviation Oil sold an August parcel to Mitsui for \$1,125/mt FOB Korea. Acro also sold an August cargo to GS Caltex for \$1,125/mt. Based on the FOB Korea benchmark at \$1,124/mt and typical freight costs of about \$50/mt from South Korea to the USG, the arbitrage window was almost open, as September FOB USG prices stood at 391 cents/gal, or about \$1,170/mt, creating a \$46/mt spread to the FOB Korea price. A firmer styrene monomer market was another factor driving the benzene market. SM prices rebounded sharply this week, gaining 4% or \$56/mt from Monday's \$1,382.50/mt to \$1,438.50/mt CFR China Thursday, as market participants have become more optimistic about the future of the Chinese economy. A weaker phenol market weighed on market sentiment, in spite of the higher benzene spot prices. In South Korea, GS Caltex is operating its Yeosu Mobil toluene-to-paraxylene unit at 100% capacity following a restart in June. The unit can make 400,000 mt/year of benzene. In Taiwan, state-owned CPC shut its No. 4 naphtha-fed steam cracker in Lin Yuan Monday due to unidentified mechanical problems, with plans to restart the unit after two weeks of repairs. It was

Polymers (\$/mt)

	CFR Far East	CFR SE Asia	CFR S Asia
PVC SUSP	1105-1107	1105-1107	1100-1102
LDPE G-P	1459-1461	1469-1471	
LLDPE	1269-1271	1274-1276	1299-1301
HDPE YARN	1354-1356	1359-1361	
HDPE INJ	1349-1351	1344-1346	1289-1291
HDPE BLMDG	1349-1351	1344-1346	1289-1291
HDPE FILM	1349-1351	1344-1346	1299-1301
PP RAFFIA/INJ	1474-1476	1474-1476	1489-1491
IPP FILM	1484-1486	1484-1486	1499-1501
BOPP	1484-1486	1484-1486	1499-1501
BLOCK COPOL	1464-1466	1484-1486	1509-1511
PS G-P	1509-1511	1539-1541	
HIPS	1739-1741	1754-1756	
ABS INJ	2094-2096	2119-2121	

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

China Domestic (Yuan/mt ex-works)

LDPE	12280-12320
LLDPE	10480-10520
HDPE FILM	11080-11120
PP RAFFIA/INJ	11780-11820
PVC ethylene-based	8250-8300
PVC carbide-based	7800-7850

Weekly averages (CFR FE Asia)

HDPE	1325.00-1327.00
LDPE	1448.00-1450.00
LLDPE	1249.00-1251.00
PP RAFFIA/INJ	1463.20-1465.20

Weekly averages (FOB Middle East)

HDPE	1310.00-1312.00
LDPE	1433.00-1435.00
LLDPE	1234.00-1236.00
PP Homo	1448.20-1450.20

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

unclear if the shutdown has affected CPC's No. 4 BTX unit, which can make up to 135,000 mt/year of benzene. In Southeast Asia, the Petrochemical Corp. of Singapore, or PCS, plans to shut its No. 2 naphtha-fed steam cracker July 21 for 35 days of annual maintenance. PCS' No. 2 aromatics plant can make 165,000 mt/year of benzene. In plant news, construction of a \$2.5 billion oil refinery and aromatics cracker project at Pulau Muara Besar in Brunei is expected to be completed in 2015, the Brunei Economic Development Board said. The complex will comprise a 135,000 b/d refinery and petrochemical units. Phase one of the project will produce petroleum products as well as paraxylene and benzene. Also in Southeast Asia, an end-user said there was a surplus of benzene due to a closed arbitrage window to Europe. But there are signs the glut will recede. Shell-BASF joint venture Ellba Eastern, which restarted its 550,000 mt/year SM/propylene oxide Singapore plant mid-April following a shutdown almost a month earlier, lifted a force majeure on SM supplies July 1.

Toluene

Asian toluene on an FOB Korea basis was assessed at \$1,122/mt Friday, up \$73.50/mt or 7% from a week ago, amid rising crude and naphtha prices. Front month ICE Brent traded at \$117.95/barrel at 4:30 pm Singapore time (0830 GMT), up \$7.16/barrel from a week ago. CFR Japan naphtha was assessed at \$984.75/mt, up \$69.75/mt week on week. A large portion of the increase in toluene prices took place Friday, when it rose \$32.50/mt from Thursday, as front month Brent crude gained \$3.61/b day on day. Early Friday morning, an August toluene cargo was bid at \$1,090/mt against an offer of \$1,125/mt, after which, no more August discussions were heard. A September cargo was bid at \$1,105/mt, against an offer of \$1,113/mt, while an October cargo was bid at \$1,105/mt. In the afternoon, discussions bumped up even higher, with the best bid heard at \$1,115/mt against an offer at \$1,125/mt for a September cargo. An October cargo was bid at \$1,120/mt against an offer of \$1,128/mt. An August/September time spread was bid at \$8/mt. Deals were heard done at \$1,115/mt for both September and October cargoes. Off-screen during Platts Market on Close assessment process, August was bid at \$1,115/mt, September at \$1,110/mt, and October at \$1,110/mt. A September cargo was offered at \$1,115/mt, and an October cargo at \$1,120/mt. The firm toluene price has hurt margins for Mobil toluene-to-paraxylene unit operators, with the paraxylene-toluene spread at a near 10-month low of \$265/mt Friday, down from \$273/mt the day before. The last time the PX-toluene spread was at this level was October 11, 2010, when it was assessed at \$255/mt. A company source at an MTPX unit told Platts earlier that the unit requires the price of PX to be around \$170/mt above that of toluene to break even. The spike in the FOB Korea price was reflected to a smaller extent in the CFR prices. The CFR China L/C 90 days marker was assessed at \$1,135/mt Friday, up \$58/mt week on week, with the best offer heard at \$1,030/mt

China toluene, MX, styrene inventory levels

Product	Inventory level (mt)	Prior week(mt)	Change on week(%)
East China:			
Toluene	55000	55000	0.00
Mixed Xylenes	60000	65000	-7.69
Styrene	77500	87500	-11.43
South China:			
Toluene	30000	30000	0.00
Mixed Xylenes	30000	22000	36.36
Styrene	4000	8000	-50.00

Asian aromatics shipping routes

Spot freight to/from Korea & USGC

From:	Korea	Korea	USGC
To:	2-3kt	5kt	5-12kt
Korea			51-59 (SM, PX, MX)
Taiwan	19-23 (BTX, SM)	16-20 (PX)	46-54 (PX, MX)
East China	18-21 (BTX, SM)	17-19 (PX)	60-66 (SM, PX, OX)
South China	20-24 (SM, Tol)	20-22 (PX)	63-70 (PX)
India	47-50 (Tol)		
USGC	53-58 (10kt Bz, Tol)		

Spot freight from Southeast Asia

From:	Pasir Gudang	Map Ta Phut	Indonesia
To:	3kt	3kt	3kt
Singapore	15-18 (Bz)	23-27 (Bz)	20-23 (Bz)
Indonesia	20-23 (Tol)		
East China			39-43 (SM)
Korea			38-42 (Bz)
Taiwan		39-42(Tol)	
India	38-42 (OX)	45-56 (OX)	
Al-Jubail			62-72 (Bz)

Spot freight from Middle East

From:	Middle East	Middle East
To:	2-3kt	5-7kt
Singapore	48-58 (SM, MTBE)	
Korea		71-76 (PX)
Taiwan	63-71 (SM)	
East China	60-70 (SM, OX)	
South China	59-69 (SM)	
India	41-43 (SM, OX)	
Southeast Asia		43-48 (PX)

Spot freight from India

From:	India	India
To:	3kt	5-7kt
Singapore	31-35 (Bz)	
Indonesia		34-38 (PX)
East China	41-51 (OX)	41-46 (PX)
Pakistan		15-17 (PX)
Middle East	35-40 (Bz)	

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

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

for an August cargo, against a bid of \$1,040/mt. The domestic price in China was heard at Yuan 8,450/mt, or \$1,066.07/mt on an import parity basis, up Yuan 150/mt week on week.

Solvent - MX

Asian solvent-grade mixed xylenes picked up steam late week to close Friday at a nine-week high of \$1,136/mt FOB Korea and \$1,176/mt CFR Taiwan, up \$30/mt and \$41/mt week on week, respectively, tracking similar trends in the energy complex. Upstream, front month ICE Brent futures firmed \$3.61/barrel day on day and \$7.16/b from last Friday to \$117.95/b at 4:30 pm Singapore time (0830 GMT). Naphtha tracked the rest of the energy complex to settle at \$984.75/mt CFR Japan Friday, up \$24.75/mt from a day earlier and \$69.75/mt week on week. Fellow isomer-grade mixed xylenes surged \$33/mt from Thursday to settle Friday at a seven-week high of \$1,194/mt FOB Korea and \$1,209/mt CFR Taiwan. Week on week, isomer-MX on an FOB Korea and CFR Taiwan basis rose \$53/mt and \$59/mt, respectively. This placed the isomer-solvent MX spread at a 10 1/2-month low of \$24.60/mt Friday. The solvent-MX market was abuzz with trading activity this week, especially towards the end of the week, with at least five trades concluded. A CFR China cargo was heard traded at \$1,155/mt early in the week. Two H2 July cargoes on FOB Korea basis were traded at \$1,128-\$1,130/mt, while at least two other deals were done on a CFR China basis at \$1,176/mt. As the energy complex firmed towards the end of the week, some traders in China were trying to cash in while others opted to be more cautious and ascertain a clearer market trend before importing more solvent-MX cargoes into the Chinese market. The domestic China solvent-MX price increased a sharp Yuan 300-350/mt from a week earlier to Yuan 9,150-9,200/mt Friday, or \$1,185-\$1,192/mt on an import parity basis. With solvent-MX prices rising in China, blenders chose to use more mixed aromatics, with domestic prices at Yuan 7,900-8,000/mt. In Southeast Asia, an end-user placed notional CFR SEA buying ideas at \$40-\$50/mt above the FOB Korea benchmark.

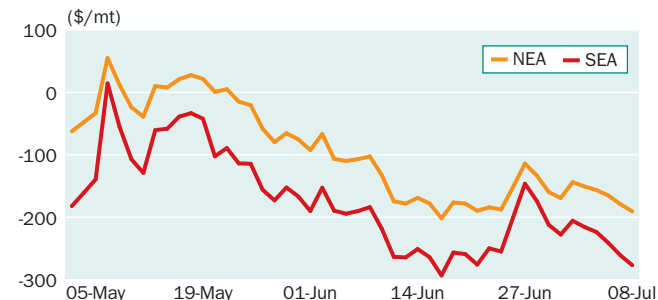
Paraxylene

Asian paraxylene surged \$24 Friday — its largest day on day gain in two months — to end the week at \$1,387/mt FOB Korea and \$1,407/mt CFR Taiwan/China. Strong crude prices Friday also helped to push PX back above the \$1,400/mt level, making it higher than the July Asia Contract Price, which settled at \$1,400/mt CFR. Week on week, PX gained \$42/mt or 3.08%. Front month ICE Brent futures retreated from overnight gains in the US to trade at \$117.95/b at 16.30 Singapore time (0830 GMT) Friday, but was still \$3.61/b higher than at the same time Thursday. In response to stronger crude prices, off-screen bids for August arrival PX jumped from \$1,385/mt CFR in the morning to \$1,405/mt CFR during Platts Market on Close assessment process. Offers for the same laycan fell from \$1,425/mt CFR to \$1,410/mt CFR post-MOC, but then buyers

Foreign Exchange Rates

AUD/USD	1.08/1.08
EUR/USD	1.43/1.43
GBP/USD	1.60/1.60
USD/JPY	81.31/81.34
USD/HKD	7.78/7.78
USD/MYR	2.99/3.00
USD/SGD	1.22/1.22
USD/YUAN	6.4705

Ethylene margins continue to drop as ethylene price increase lagged with naphtha



Source: Platts

Contract Prices (\$/mt)

Paraxylene

PX average CP settlements (Jul)	1400	CFR Asia
ExxonMobil	1400	CFR Asia
Idemitsu	1400	CFR Asia
JX Nippon	1400	CFR Asia
PX producer CP nominations (Jul)		
ExxonMobil	1450	CFR Asia
Idemitsu	1440	CFR Asia
JX Nippon	1450	CFR Asia

Sinopec CP nomination (Jul):	1420
Sinopec CP settlement (Jun):	1488
Sinopec CP nomination (Jul):	Yuan 11000
Sinopec CP settlement (Jun):	Yuan 11500

Benzene

JX Nippon nomination (Jul):	1140
JX Nippon settlement (Jul):	1060

MEG

Producer CP nominations (Jul)		
MEGlobal	1350	CFR Asia
Sabir	1350	CFR Asia
Shell	1380	CFR Asia

disappeared. Market participants said the “cat and mouse” game between buyers and sellers was typical as each side tried to set the floor or the ceiling. Looking forward, industry watchers said it was hard to decipher the price trend as buyers and sellers kept rotating their roles. Producers were both selling and buying, while end-users were toying with the idea of off-loading their PX feedstock now that the spot price was higher than the ACP. Despite gains in PX, the spread against both naphtha and

isomer-grade mixed xylene has been narrowing. The PX-naphtha spread has fallen to \$422.25/mt, while the PX-MX spread is at an eight-month low of \$198/mt. On Friday, naphtha CFR Japan gained \$24.75/mt day on day to settle at \$984.75/mt, while isomer-MX closed at \$1,209/mt CFR Taiwan, up 33/mt day on day. PX producers typically require a \$230/mt margin against naphtha and \$200/mt against isomer-MX to break even.

Isomer - MX

Asian isomer-grade mixed xylenes surged \$33/mt from a day earlier to close Friday at a seven-week high of \$1,194/mt FOB Korea and \$1,209/mt CFR Taiwan, in tandem with the rest of the bullish aromatics complex. Week on week, isomer-MX on an FOB Korea and CFR Taiwan basis rose \$53/mt and \$59/mt, respectively. The inter-laycan spread between H1 August and H2 August narrowed \$8/mt from Thursday to \$2/mt Friday, while that of H2 August and H1 September narrowed to \$2/mt, from \$5/mt Thursday. Upstream, front month ICE Brent futures firmed \$3.61/barrel day on day and \$7.16/b from last Friday to \$117.95/b at 4:30 pm Singapore time (0830 GMT). Similarly, naphtha tracked the rest of the energy complex to settle at \$984.75/mt CFR Japan Friday, up \$24.75/mt from a day earlier and up \$69.75/mt week on week. Downstream paraxylene rose \$24/mt from a day earlier to close the week at \$1,387/mt FOB Korea and \$1,407/mt CFR Taiwan/China. Fellow solvent-grade MX also closed the week higher at \$1,136/mt FOB Korea and \$1,176/mt CFR China, up \$30/mt and \$41/mt week on week. As of Friday, the PX-MX spread was at an eight-month low of \$198/mt, while the isomer-solvent MX spread was at a 10 1/2 month low of \$24.60/mt. Asian market participants were greeted Friday with surges in the US MX market overnight Thursday as MX prices rose 12 cents/gal to 382 cents/gal FOB US Gulf (\$1,161.28/mt), as sources pointed to higher NYMEX RBOB futures for direction. This resulted in activity in the isomer-MX market, mainly with buyers scouting around for August cargoes on an FOB Korea and CFR China basis. At least two parties were trying to secure FOB Korea cargoes in the range of \$1,180-\$1,190/mt, while was a lone buyer for September cargo was at \$1,190/mt. On CFR China basis, August cargoes were bid up to \$1,180/mt from \$1,175/mt, with no counter-offers heard. During Platts Market on Close assessment process, no bids and offers were registered. Off-screen, morning bid levels reappeared with vengeance for August FOB Korea cargoes. In domestic China, isomer-MX prices held steady from a day earlier at Yuan 9,550/mt, or \$1,237/mt on an import parity basis. Industry watchers placed isomer-MX spot cargoes in both East and South China at low levels.

Orthoxylene

A bullish energy complex placed upward pressure on Asian orthoxylene markets this week, with OX closing the week at \$1,302/mt FOB Korea and \$1,315/mt CFR China, up \$12/mt and \$8/mt, respectively. Upstream, isomer-grade mixed xylenes

Subscriber Notice

Ongoing database maintenance Biodiesel SE Asia/MTBE Singapore

As part of Platts ongoing efforts to maintain a clean and transparent price database, missing mid point data for the following symbols AAVSV00-Biodiesel FOB SE Asia \$/Mt has been backfilled from January 14, 2004 thru June 30, 2011, PHBHE03 - Styrene Taiwan CFR Mthly has been backfilled from January 1, 1996 thru June 1, 2011, PHALF00 and PHALF11 -MTBE FOB Spor has been backfilled from September 9, 1993 thru December 31, 2003 Platts will continue to backfill MTBE FOB Spor codes until complete.

Ongoing database maintenance MTBE Singapore

As part of Platts ongoing efforts to maintain a clean and transparent price database, missing mid point data for the following symbols AAOTG00-MTBE FOB Singapore WAvG has been backfilled from July 16, 2004 thru July 1, 2011, PHALF00 and PHALF11 -MTBE FOB Spor has been backfilled from September 13, 1993 thru September 8, 1997. Platts will continue to backfill these 2 codes until complete.

Change in Asian caustic soda commentary page number

Platts is changing the commentary page number of Asian caustic soda to PCA527 from PCA535 due to page number duplication. The change will be effective as of July 12. The Asian caustic soda assessment page will remain unchanged at PCA534.

Platts petrochemical forum in Singapore on Aug 16

We invite you to attend Platts Petrochemical Forum in Singapore on August 16, Tuesday. This half-day event is free for petrochemical industry professionals. The forum will provide you with an overview of the global petrochemical markets as well as offer insights into the Platts assessment methodology. Discussion topics include an overview of the global oil markets, changing trends in the Asian benzene market as well as changing dynamics in PX, toluene, MTBE and methanol. Registration is free. To register, please log on to <http://now.eloqua.com/es.asp?s=911&e=866250>

Platts polymer forum in Ahmedabad on Aug 25

We invite you to attend the Platts Polymer Forum in Ahmedabad, Gujarat on August 25, Thursday. This half-day event is free for petrochemical industry professionals. The forum will bring together the Platts editorial experts to discuss important issues and challenges currently facing the polymers industry. Presentation topics include an overview of the world's petrochemical markets in 2011, as well as insights into the changes in the Asian and the Middle Eastern olefins and polymers markets, including PE, PP, PVC and PS. Registration is free. Visit <http://now.eloqua.com/es.asp?s=911&e=866601> for more information and to register.

surged \$33/mt day on day Friday. Week on week, isomer-MX on an FOB Korea and CFR Taiwan basis rose \$53/mt and \$59/mt, respectively. Downstream phthalic anhydride firmed \$5/mt week on week on a CFR China basis to \$1,290/mt and held steady on a CFR SEA basis at \$1,315/mt. A 4,000 mt OX cargo of European origin was heard to have sailed towards Asia this week with no firm destination in sight. The cargo was heard to be offered in the range of \$1,320-\$1,330/mt CFR Taiwan, but no deal was concluded. An August cargo was heard traded at \$1,300/mt CFR Zhangjiagang last Friday to a Chinese customer, but no further details could be confirmed. Traders were heard scurrying around to secure OX cargoes in the range of \$1,280-\$1,310/mt CFR China to no avail. "I do not have enough inventory to supply the spot market," a South Korean producer said. A Taiwanese producer was not able to supply any spot OX cargoes this week as all cargoes had been completely booked. During Platts Market on Close assessment process, KP Chemical registered a bid each for H2 July and H1 August cargoes on FOB Korea basis. Both bids were initially placed at \$1,285/mt FOB Korea, which was eventually increased \$16/mt to \$1,301/mt FOB Korea but no sellers appeared. In domestic China, OX prices were steady week on week at Yuan 9,950-10,000/mt, or \$1,289-\$1,295/mt on an import parity basis. The inventory level in East China was still heard to be below 20,000 mt. In Southeast Asia, a PA producer placed the ideal buying idea at \$1,260/mt CFR SEA, but admitted that no sellers would be willing to offload his required cargo at such a low price.

Styrene

Asian styrene monomer prices surged \$74/mt week on week Friday to \$1,429.50/mt FOB Korea and \$1,453.50/mt CFR China. The day on day increase was \$15/mt for both benchmarks. Prices were boosted by strong sentiment in China, coupled with fast-rising energy prices. August ICE Brent crude futures rose \$7.16/barrel week on week to \$117.95/b at 4:30 pm Singapore time (0830 GMT). Upstream benzene surged \$45.50/mt day on day Friday to \$1,124/mt FOB Korea, regaining some ground against SM. As a result, the SM-benzene spread narrowed \$30.50/mt from Thursday to close the week at \$305.50/mt. But the profitability of SM production increased by \$11.20/mt week on week to \$59.80/mt Friday, based on current feedstock prices and an estimated conversion cost of \$150/mt. SM producers in South Korea and China are running their plants at full rates due to the healthy margins, sources said, and some producers confirmed this. Nonetheless, market sentiment remained bullish this week, as prompt spot cargo supply in China's domestic market is said to be limited and market participants expect the Chinese government to loosen its monetary policy in the second half of the year, increasing credit, cash flow and market liquidity. "The market has become active. I see a lot of deals done domestically and internationally," a Chinese trader said Friday. During the day, a deal for a cargo to load in August was heard done at \$1,435/mt FOB Korea between two Chinese trading companies. But close

to the market close, an offer was seen at \$1,435/mt versus bid at \$1,425/mt FOB Korea for August loading cargoes. CFR China was heard traded at \$1,460/mt for a September arrival cargo. The domestic price in the east of China was heard higher at around Yuan 11,050-11,100/mt, or roughly \$1,434/mt on an import parity basis. In India, an end-user said prices were in a range of \$1,400-1,420/mt CFR India this week, with sentiment improving with rising crude and higher prices in China. "Inventories are at comfortable levels," he said. A trader said he had offered to India at \$1,435/mt Thursday, while another end-user said he would not buy higher than \$1,375/mt at present. No deals or trading activity was heard for Taiwan, despite three outages there at present. Taiwan's Formosa Chemicals & Fibre Corporation's No. 1 and No. 2 styrene monomer plants at Mailiao are awaiting approval from local authorities to restart, which the company hopes will be in H2 July. The plants, with a combined capacity of 600,000 mt/year, were shut May 12 due to a cut in ethylene and benzene feedstock supply following a fire at an LPG pipeline fire at the Mailiao complex. Taiwan Styrene Monomer Corporation was forced to shut its 180,000 mt/year No. 1 plant in Lin Yuan Monday as feedstock supply was cut off when CPC shut its No. 4 naphtha-fed steam cracker.

Methanol

Asian methanol prices firmed further this week as tight supply continued to weigh on the market. India topped the region in price gains this week, with Southeast Asia close behind.

CHINA: CFR China methanol was assessed at \$353/mt Friday, up \$3/mt from the week before, after rising \$8/mt the previous week. Most of the gains were made Monday, when the price rose to \$353/mt. The East China domestic price was assessed at Yuan 2,760/mt or \$335/mt on an import parity basis, up Yuan 30/mt week on week. Deals were done mostly on a formula basis this week, although fixed price indications hovered at \$350-355/mt. A Chinese trader noted that while some sellers were offering at \$365/mt, buyers were unwilling to move up from their bids. But a producer who was in the market for cargo said a 5,000 mt cargo was being discussed at \$365/mt. However, other traders said this was significantly above the market level.

NORTHEAST ASIA: CFR Korea was assessed at \$375/mt Friday, up \$5/mt from the week before, on limited cargo availability. An international trader offered a CFR Korea cargo at \$395/mt to no takers. A South Korean buyer estimated that CFR Korea would be around \$370-375/mt, with other buyers taking a similar view. CFR Japan was assessed at \$375/mt, up \$5/mt week on week. CFR Taiwan was assessed at \$358/mt, up \$3/mt over the same period. A supplier to Taiwan said discussions would be around \$360/mt, based on regional prices. A Taiwanese buyer saw offers at \$360/mt, although his buy idea was below \$350/mt. Supply is understood to be less tight in Taiwan, especially with Formosa Petrochemical shutting its 190,000 mt/year MTBE plant at Mailiao August 11-September 4 for turnaround, a

company source said Friday. The plant, which is currently operating at 100% capacity, uses about 10,000 mt/month of methanol feedstock.

SOUTHEAST ASIA & INDIA: CFR Southeast Asia methanol was assessed at \$393/mt Friday, up \$11/mt from the week before, due to the methanol shortage. A 2,000 mt cargo for H1 August delivery to Indonesia was heard to have changed hands at \$400/mt. But this deal was not fully taken into consideration as the seller could not be confirmed. Meanwhile, a trader based in Singapore was offering CFR SEA at \$400/mt. Buyers in SEA were at \$390/mt this week, with a trader noting that demand was also coming from countries such as Thailand. CFR India was assessed at \$364/mt, up \$12/mt week on week. Traders described the market as “hot”, with the best buy idea heard at \$362/mt. The next closest was at \$360/mt. Deliveries to India are understood to be few, and a domestic plant is heard to be facing production problems. Further, Iran-based Zagros is likely to ship only one 5,000 mt cargo of methanol to India in July, and even that shipment is still in question due to high freight costs, a company source said Wednesday. A trader said Zagros typically ships about 30,000 mt of methanol to India a month. It will likely resume shipping methanol regularly to India only at the end of July, when its No. 2 1.7 million mt/year plant is due to restart after a turnaround that began June 20.

MTBE

Asian MTBE prices posted day-on-day gains of \$28/mt Friday to close the week up \$59/mt or 5.2% at \$1,193/mt FOB Singapore. But the MTBE factor slipped a notch to 1.118 as 92 RON gasoline values spiked Friday, and as the market was largely driven by its own fundamentals of strong demand and scarcity this week. 92 RON gasoline prices surged \$4.60/barrel day on day to \$126.27/b Friday, as blenders scrambled to snap up low RONs and blending components, which are currently seeing very good value. The 92 RON gasoline/naphtha spread was assessed at \$19.15/b Friday, making economics very “blendable”, market sources said, despite volatility in the inter-RON spreads. Nevertheless, gasoline demand remained firm and is poised to rise in August. 95 RON gasoline values increased \$3.96/b day on day to \$129.3/b Friday, while 97 RON gasoline prices posted the most modest rise of all, climbing \$3/b to \$131.02/b. Regional supplies will tighten further as the Petrochemical Corp. of Singapore shuts its No. 2 80,000 mt/year MTBE plant from mid-July to the end of August for turnaround. Industry observers reported receiving more offers from Chinese re-exporters, but it was also probable that more Saudi Arabian cargoes will be shipped to Singapore to meet rising demand.

Ethylene

NEA: The CFR Northeast Asia ethylene price rose \$13/mt from Thursday to be assessed at \$1,144/mt Friday, lifted by firming market sentiment amid strong upstream and downstream

markets. The CFR NEA price increased \$20/mt from the previous week. Upstream, NYMEX August crude oil futures were pegged at \$98.64/barrel at 4:30 PM Singapore time (0830 GMT), compared with \$94.35/b last Friday. Downstream, high density polyethylene was assessed at \$1,370/mt CFR China, up from \$1,315/mt last Friday. End-users’ buying appetite continued to firm this week, with buying interest reported at around \$1,100/mt CFR NEA for H1 August arrival. But buyers were still reluctant to increase bids further as they turned a little cautious; the interest rate increase in China may cool the currently-firming buying appetite. The People’s Bank of China Thursday raised the benchmark one-year borrowing and lending rates by 25 basis points — the third increase this year — in order to ease persisting inflation concerns. “Asian polymers markets turned strong this week but the strength may be cooled by the interest rate increase,” a market source said. Selling indications were reported at \$1,200/mt CFR NEA on expectations of firming demand as well as tighter supplies for August business amid steam cracker shutdowns.

SEA: The CFR Southeast Asia ethylene price was assessed at \$1,151/mt Friday, up \$20/mt from Thursday and up \$30/mt week on week. Spot transaction levels were reported far apart this week, depending on location and buyers’ derivatives production. A 3,000 mt spot cargo was reported to have been traded Friday at \$1,200/mt CFR Singapore for H1 August arrival for monoethylene glycol production, while a 3,000-3,500 mt spot cargo was reported to have been traded at \$1,085/mt CFR Indonesia for mid-August arrival. The cargo to Indonesia would be used for vinyls production. Market sources said MEG producers were able to pay \$1,200/mt CFR due to positive margins, while buying ideas from vinyls producers were much weaker due to negative margins. In addition, spot demand in Singapore was seen to be stronger than other ethylene import countries in SEA due to Shell’s steam cracker shutdown. Shell Chemicals plans to shut its 800,000 mt/year steam cracker in Singapore from August 10 or 11 for one month of repairs. Other buying interests in the region were reported in the low-\$1,100s/mt CFR SEA for the H2 August arrival this week, while selling indications were at or over \$1,200/mt CFR SEA.

MEG

Asian monoethylene glycol was under pressure this week after news that Taiwan’s Nan Ya Plastics was in the process of restarting its plant. The benchmark assessment fell \$18/mt or 1.5% week on week to end at \$1,206/mt CFR China Friday. This brings the weekly average down \$12.40 from last week to \$1,222.20/mt CFR China. While MEG took a slight upswing Monday, ending at \$1,232/mt CFR China, prices started to fall as news that Nan Ya was restarted emerged Thursday. The company restarted its 360,000 mt/year No. 1 MEG line early Thursday after it was shut May 12 due to a pipeline fire at its feedstock supplier Formosa Petrochemical. MEG prices were previously supported by concerns that supply would be tight in the region due to the shutdown of Nan Ya’s 1.78 million mt/year

plant. But with supply resumption on the horizon, buyers were not keen to come forward. Sellers found it challenging to find agreeable buyers, and were forced to cut offers to as low as \$1,210/mt CFR China Friday. This was met with bids below \$1,205/mt CFR China, with some heard below the \$1,200/mt psychological barrier. Demand for spot cargoes was also lackluster as polyester factories reported weak demand from downstream textile factories. "Downstream users are still very conservative. Although their inventories are getting low, they are only relying on contract cargoes," a polyester producer said. The sales-production ratio has been heard at 60-70% since last week, but gained some strength to around 80% late week on stronger commodity markets. Unlike MEG, fellow polyester feedstock purified terephthalic acid was on an uptrend this week, due mainly to strong gains in the futures traded on the Zhengzhou Commodity Exchange. The January contract PTA futures gained Yuan 404/mt week on week to close at Yuan 8,986/mt Friday. Spot PTA was assessed at \$1,167/mt CFR China, up \$15/mt week on week.

Propylene

FOB KOREA/JAPAN: The FOB Korea propylene price jumped \$50/mt week on week to settle at \$1,401/mt Friday, lifted by firm demand, and in line with rising prices on a CFR China/Taiwan basis. Some spot cargoes were reported to have been traded at \$1,400/mt FOB Korea for H1 August mid-week. After the deals, selling indications were lifted to \$1,450/mt FOB Korea, but bids did not go up from \$1,400/mt FOB Korea. Some buyers of FOB Korea cargoes turned cautious after deals were reported at \$1,400/mt FOB Korea, saying that the interest rate increase in China may cool spot buying appetite there. The People's Bank of China Thursday raised the benchmark one-year borrowing and lending rates by 25 basis points — the third increase this year — in order to ease persisting inflation concerns. Meanwhile, the FOB Japan propylene price rose \$30/mt from the previous week to \$1,401/mt. The price increase on an FOB Japan basis was limited compared with FOB Korea due to a steam cracker restart. JX Nippon Oil and Energy restarted its 260,000 mt/year steam cracker in Kawasaki July 1, which had shut July 27 for repairs.

CFR TAIWAN/CHINA: The CFR China propylene price spiked \$56/mt from the previous week to settle at \$1,471/mt Friday, driven by strong buying appetite amid easing fears of further economic slowdown, as well as bullish crude oil futures. Sentiment across Asian petrochemical markets generally firmed this week as concerns of an economic crisis in Europe eased after Athens agreed to austerity measures that meant Greece could avoid default — a situation many feared could have led to another global financial shock. In addition, upstream crude oil futures firmed this week. At 4:30 PM Singapore time Friday, NYMEX August crude oil futures were pegged at \$98.64/barrel, compared to \$94.35/b last Friday. Amid this, propylene bids in Asia increased gradually. A firm bid was registered Friday at

\$1,470/mt CFR China for H1 August arrival, up from \$1,430-1,440/mt CFR China earlier this week. But some market sources said such bids were registered by traders, who were actively taking long positions, expecting further price increases in coming weeks. "End-users' bids remained in the low-\$1,400s/mt CFR China Friday," a market source said. End-users were also not very keen to build inventories due to negative polypropylene margins. The CFR China PP raffia/injection price benchmark was assessed at \$1,485/mt Friday, compared to \$1,460/mt last Friday. At current propylene and PP prices, PP margins are calculated at minus \$136/mt. Meanwhile, the CFR Taiwan price rose \$40/mt week on week to \$1,471/mt Friday. Spot buying on a CFR Taiwan basis returned this week, but buying appetite was not as strong as China, as most propylene buyers were PP producers.

CFR SOUTHEAST ASIA: The CFR Southeast Asia propylene price fell \$40/mt week on week to \$1,299/mt as the market continued to be hit by ample supplies. Shell Chemicals plans to shut its 450,000 mt/year steam cracker from around August 10-11 for one month of repairs. But the emergency shutdown did not push up the CFR SEA price, as spot supplies are seen to be greater than the production shortfall likely to result from the shutdown. For H2 July, buying and selling indications were reported at \$1,230/mt CFR SEA and \$1,260/mt, respectively, on a CFR SEA basis.

Butadiene

Butadiene prices were down \$200/mt week on week to \$4,300/mt FOB Korea Friday amid concerns that US requirements will soften as it has sufficient supply to tide it through August, market participants said. A producer was also concerned that Europe would become oversupplied. But a market participant in Asia said while the market is longer, it is not excessively so. Another participant cited the US butadiene contract price for July, which is likely to see a split settlement at 170-175 cents/lb, saying there may be uncertainty over the direction of butadiene in the US. Meanwhile, a China-based trader said offers were as low as \$4,300/mt FOB Korea, but buyers were unwilling to consider anything more than \$4,100/mt. In East China, ex-works offers for butadiene stood at Yuan 29,000/mt, or about \$3,758/mt on an import parity basis. Citing costly butadiene feedstock prices, one downstream end-user was mulling extending a scheduled turnaround from four to six weeks, to cope with the feedstock costs. China's CNOOC and Shell Petrochemicals Co. joint venture shut its integrated steam cracker and petrochemical complex at Nanhai in China's Guangdong province Wednesday due to a "machine problem". All of the complex's plants were shut Wednesday and should be back in production in five days. The complex houses a 150,000 mt/year butadiene unit. Several Asian market participants said a 1,500-mt mid-August deal between South Korea's Yeochun Naphtha Cracking Center and Japan's Marubeni was still under discussion, with neither party

confirming the deal when contacted. Meanwhile, offers this week were heard at \$4,400-\$4,500/mt FOB Korea, but buyers showed no interest. However, August supplies in Asia are expected to tighten due to several turnarounds. South Korea's Yeochun NCC raised operating rates at its No. 1 naphtha-fed steam cracker at Yeosu July 2-3 to 100% from 70% previously. In Southeast Asia, Shell Chemicals plans to shut its naphtha-fed steam cracker at Pulau Bukom, Singapore, around August 10 or 11 to undertake repair work. The cracker also supports a 155,000 mt/year butadiene unit. In India, Haldia Petrochemicals is maintaining the run rate at its sole naphtha-fed steam cracker at Haldia at 85% for July, the third consecutive month that it is running its cracker at a reduced rate. The company lowered the rate to 85% in May and decided to maintain it on the back of poor downstream petrochemical margins. In plant news, the Philippines' JG Summit has started construction of its new naphtha-fed steam cracker in Batangas City after completing site preparations. The company, which started site preparation for the project late 2010, plans to complete the work mid-2013. In downstream news, Taiwan's Formosa Chemicals and Fibre Corp. plans to do test runs at its new 150,000 mt/year acrylonitrile-butadiene-styrene line in Ningbo, China, in June 2012.

PVC

The Asian PVC market firmed this week, ending a period of bearish sentiment that began June 8, as buying interest returned amid an easing of economic crisis fears in Europe and firmer crude. Both the CFR China and CFR Southeast Asia PVC prices inched up \$4/mt week on week to be assessed at \$1,106/mt Wednesday, while the CFR India price rose \$30/mt week on week to \$1,101/mt. Sentiment in the Asian PVC market firmed this week as concerns of economic crisis in Europe eased after Athens agreed to austerity measures that meant Greece could avoid default — a situation many feared could have led to another global financial shock. Bullish crude oil futures also pushed the Asian PVC market higher. At 4:30 PM Singapore time (0830 GMT) Wednesday, NYMEX August crude oil futures were pegged at \$96.81/barrel, up \$3.42/b from \$93.39/barrel last Wednesday. This sparked some active buying in the Asian PVC market, with India's PVC market particularly strong. Late last week, Europe-origin PVC was reported to have been transacted at \$1,030/mt CFR India, but such low-priced deals disappeared in the market this week. On Monday, bids and offers were raised to \$1,080/mt and \$1,090/mt, from \$1,050/mt and \$1,080/mt, respectively, the previous week, on a CFR India basis. On Wednesday, the market firmed further, with 8,000 mt Korea-origin cargoes transacted at \$1,110/mt CFR India (L/C 90 days) for H2 July. Looking forward, Asian producers targeted selling at a higher \$1,150-1,160/mt CFR India for August business, expecting the strong demand to continue. The Chinese PVC market also firmed, but the rebound was not as strong as in India, as some buyers remained cautious. Japan-origin PVC was reported to have been traded in

a range of \$1,110-1,120/mt CFR China for July arrival, but some other Asia-origin cargoes with large quantities were reported to have been transacted below \$1,100/mt CFR China. Chinese buyers returned to the market, but were still cautious. "I don't think this trend is strong enough. The market will go down again," a Chinese trader said. On an FOB China basis, offer levels rose to \$1,120/mt Wednesday from \$1,100/mt Monday. The rebound seen in the China's domestic PVC market was also limited. The ethylene-based PVC price rose Yuan 100/mt from the previous week to Yuan 8,275/mt delivered Wednesday, while the carbide-based PVC price rose Yuan 100/mt week on week to be assessed at Yuan 7,825/mt delivered.

LDPE

Low density polyethylene gained some strength this week, but this paled in comparison to the price spikes seen in other PE grades. LDPE was assessed \$15/mt higher week on week at \$1,460/mt CFR Far East Asia and \$10/mt higher at \$1,470/mt CFR Southeast Asia. While demand for other polymers was up sharply this week, LDPE demand appeared more lackluster, with the strong cash margins from feedstock ethylene to LDPE appearing to keep buyers at bay. "The price is still very high," a Northeast Asian buyer said. A South Korean trader reported moving cargoes at \$1,450/mt CFR China earlier this week, while Chinese traders were trying to sell LDPE at \$1,500-1,550/mt. Buying interest appeared to hit \$1,460/mt CFR China Wednesday. In China, Sinopec increased its ex-works price Yuan 200/mt (\$31/mt) from last week to Yuan 12,300/mt. In Southeast Asia, offers were heard at \$1,490/mt CFR Vietnam for Middle East cargo, while a SEA producer was offering cargoes at \$1,530/mt CFR, which do not attract import taxes under the ASEAN FTA. "There was no crazy increase or buying in Southeast Asia," one SEA trader said.

LLDPE

Asian linear low density polyethylene saw a spike this week due to a buying frenzy by trading houses in the leadup to agricultural film season in China. In Far East Asia, LLDPE rose \$60/mt or 5% week on week to \$1,270/mt CFR Wednesday. In Southeast Asia, it was up \$50/mt over the same period to \$1,275/mt CFR, while in South Asia it was up \$65/mt to \$1,300/mt CFR. Large Chinese trading houses were seen stepping back into the market late last week, seeking sizable volumes of cargo, market sources said. This prompted other market participants to return to the market as well. LLDPE, which has been on a sharp downtrend since late March, saw an upswing as buyers were also heard preparing for the high demand season for agricultural film. Demand for such protective film increases in August/September before the cold spell in northern China. Some market participants were also expecting supply tightness as a few Chinese producers have scheduled maintenance planned for the third quarter. But some market participants

remained cautious after the price spike, opting to buy in small quantities. "Warehouses are still full, so it's mostly just cargoes changing hands," a distributor said. On Wednesday, some market participants noted that buying interest had waned after the sharp increase late last week. September LLDPE futures traded on the Dalian Commodity Exchange fell Yuan 15/mt (\$2.32/mt) day on day to close at Yuan 11,070/mt Wednesday, after gaining Yuan 615/mt week on week. In China, Sinopec raised its ex-works price by Yuan 500 from last week to Yuan 10,500/mt. In Southeast Asia, prices tracked the gains in China, with offers heard at \$1,280/mt CFR and buying indications below that level. In South Asia, the availability of lower cost cargoes has ended after buyers snapped up the cargoes, with those still seeking cargoes now bidding in a range of \$1,260-1,300/mt CFR India.

HDPE

The Asian high density polyethylene market saw an upswing this week, after an eight-week bear run, on the back of increased buying activity. The benchmark HDPE-film assessment was up \$50/mt or 3.8% week on week at \$1,350/mt CFR Far East Asia Wednesday. Elsewhere in Asia, it was up \$45/mt to \$1,345/mt CFR Southeast Asia and up \$30/mt to \$1,300/mt CFR South Asia. Buying interest returned suddenly last Thursday when some Chinese trading houses stepped into the market seeking large parcels of polymers. This prompted some end-users and smaller trading houses, with depleting inventories, to rush into the market as well. While producers were heard offering cargoes at around \$1,360-1,370/mt CFR China, market sources noted that buyers were still hoping to secure cargoes below this level. Chinese traders were also feeling optimistic, offering cargoes above \$1,360/mt without many deals concluded at these prices. "Downstream customers are not very active; it's only traders who are asking to buy cargoes," a Chinese trader said. Traders were heard to be reluctant to reduce prices in anticipation of a continued market uptrend, keeping their offers above producer offers. Some market participants were taking a cautious approach, saying that the upswing could be temporary or even a "technical rebound." The bull run lost steam Wednesday when some market participants noted that buying activity slowed. In Southeast Asia, there was an uptrend this week, but not as bullish as the one seen in the Chinese market. Cargoes were heard offered into Vietnam at \$1,330-1,350/mt CFR; while SEA regional producers were offering import tax-exempt cargoes at \$1,395-1,450/mt. In South Asia, offers were limited but buying interest appeared to have returned, with offers heard at around \$1,310/mt CFR India and buying interest at \$1,280/mt CFR. Meanwhile, injection and blow molding grades both tracked the upward movement in HDPE-film. HDPE-yarn was also on an uptrend, due to supply tightness. Offers were heard at \$1,360-1,380/mt CFR China, while an Indian producer reported moving some cargoes at \$1,350/mt CFR China late last week. In Southeast Asia, supply tightness also pushed up prices, but the rise was curbed by the lack of strong buying interest.

PP

Polypropylene in Asia gained strength this week as buyers returned in the polymers market in China. Raffia/injection grade was assessed at \$1,475/mt CFR Far East Asia Wednesday, up \$30/mt or 2.1% week on week. In Southeast Asia, it was up \$15/mt week on week at \$1,475/mt CFR, while in South Asia it was up \$30/mt week on week at \$1,490/mt CFR. Market sentiment took an upswing this week, breaking an eight-week downtrend, as some market participants stepped back into the market. Some Chinese trading houses began seeking cargoes last Thursday on the back of a rally in crude prices. This prompted end-users and smaller trading houses to follow suit, to restock inventory. But buying activity and quantity was heard to be limited. While some Chinese traders reported moving cargoes at \$1,510-1,530/mt CFR China, distributors and producers said buying interest was not as high as these prices suggest. They said buying interest was largely at \$1,470-1,480/mt CFR China for raffia grade and \$10-20/mt lower for injection grade. "Demand is not really there," a Taiwanese producer said. An offer from the Middle East was heard at \$1,480/mt CFR China, while South Korean and Taiwanese offers were heard above \$1,500/mt CFR China. Some market participants remained cautious about the sudden spike in prices, preferring to take a wait-and-see approach. "Traders had a buying frenzy last week, but end-users can't accept the steep increase in prices," a producer said. Buying activity was heard to have slowed Wednesday, according to some market sources. In Southeast Asia, market participants tracked the uptrend in China, but remained a step behind, and prices in SEA did not follow suit, either. "Prices were up by only \$20-30/mt in Southeast Asia. Offers are up, but deal prices are still flat," a trader said. Offers were heard at \$1,480-1,490/mt CFR Vietnam for open origin cargoes, while regional producers were heard offering cargoes in the region at \$1,530-1,560/mt. In South Asia, Indian market participants were also watching developments in the Chinese market closely. Deals were heard concluding at \$1,440-1,460/mt CFR India, before anti-dumping duties. In Pakistan, few deals were heard concluded, with offers heard at \$1,460/mt CFR, as buyers were heard to have restocked sufficiently. Meanwhile, stronger PP-raffia/injection lent strength to BOPP and IPP, which saw prices tracking the former. Block copolymer demand has still been lackluster this week and inventory high in China. Sellers from the Middle East and Northeast Asia were heard offering cargoes at a \$10/mt discount to PP-raffia/injection, in the range of \$1,450-1,520/mt CFR China.

PS

GPSS: Asian general-purpose polystyrene was assessed up \$30/mt week on week Wednesday at \$1,510/mt CFR China and \$1,540/mt CFR Southeast Asia. Demand was heard to be improving this week and sentiment appeared to be better, too. But feedstock styrene monomer was soaring, up \$58.50/mt week on week to \$1,422/mt CFR China Wednesday. The

sharpest GPPS offer heard this week came from a Taiwanese producer, offering at \$1,510/mt CFR China, a \$30/mt increase from last week's offer level. "Crude oil and SM are up, so buyers are more willing — they know the production cost is very high, so they accept that level," a Hong Kong-based trader said, adding that inventory levels of polystyrene were becoming relatively low. "Demand for GPPS has picked up, but not as good as for ABS," another trader based in Hong-Kong said, adding that the retail price in Hong Kong was around \$1,500-1,550/mt. Demand in Southeast Asia was also heard firmer this week as Muslim festivals celebrated in the region in August and September draw closer.

HIPS: High-impact polystyrene prices were assessed \$30/mt higher week on week — similar to GPPS — at \$1,740/mt CFR China and \$1,755/mt CFR Southeast Asia. The sharpest offer was heard at \$1,750/mt CFR China from a Taiwanese producer. A South Korean producer said he had sold all his July cargoes into other markets than China, predominantly in the Middle East, as the "Chinese market price is very low".

ABS

Asian acrylonitrile-butadiene-styrene prices rebounded this week as market sentiment improved in trading hub Hong Kong/China. Prices were assessed up \$45/mt week on week at \$2,095/mt CFR China and \$2,120/mt CFR Southeast Asia, but are still below healthy levels. The main reason for the rebound could be that producers across Northeast Asia have cut or plan to cut production rates. A major producer in Taiwan was heard to have slashed run rates by 40% since May to around 60% in July, while a South Korean producer was heard to have cut rates to 50% recently to focus only on domestic and US/European markets, and not China. The sharpest offer this week on a CFR China basis was from a South Korean producer at \$2,100/mt, followed by \$2,120/mt from a Taiwanese producer, while Taiwan's Chi Mei, the world's largest producer of ABS, was heard offering to Hong Kong at \$2,150/mt. A producer based in China said the market there is "much better" than last week, with domestic prices also rising. The producer said he was hopeful but still uncertain about the future, as demand was not yet firm and margins still negative. The producer said supply would decrease in the next 30 days as several Chinese ABS producers were cutting operating rates — some also reportedly delaying expansions plans, but this could not be confirmed yet. Among them is LG Yongxing, which has reduced run rates to 50-60% from about 70% in late June. It operates a 700,000 mt/year ABS plant in Ningbo. Retail prices in Hong Kong were around \$2,100-2,170/mt this week, up \$50-100/mt from last week, sources said. In plant news, Taiwan's Formosa Chemicals and Fibre Corp. plans to do test runs on its new 150,000 mt/year ABS line in Ningbo, China, in June next year, a company source said Wednesday.

The company has an existing 300,000 mt/year ABS plant at Ningbo, which will see its total capacity expanded by the new line to 450,000 mt/year. The new line is expected to begin commercial production in H2 2012.

PTA

Asian purified terephthalic acid rebounded this week despite China's Yisheng Petrochemicals ramping up operations at its new 2 million mt/year Ningbo line to full capacity. The CFR China spot price was assessed \$15/mt or 1.3% higher week on week at \$1,167/mt for Taiwan origin cargoes. Chinese traders said Friday offers were heard at \$1,175/mt CFR, but buyers were not so keen to book at that price, as they felt prices would fall amid ample supply. "Sellers would be willing to lower their offers to \$1,170/mt CFR but buyers would still want it lower. Domestic offers are only at Yuan 9,100/mt, which is equivalent to \$1,135/mt on import parity basis," a Chinese trader said. "Most importantly, there are lots of cargoes in the market now so there's no urgency to buy." But with PTA futures surging this week, the spillover effect to the physical cargoes was keenly felt. On China's Zhengzhou Commodity Exchange, PTA contracts for January delivery gained Yuan 404/mt (\$62.50/mt) week on week to close at Yuan 8,986/mt Friday. Despite the rebound, traders and end-users remained cautious, mindful of the huge surge in supply as Yisheng planned to start up its new 750,000 mt/year expansion at Dalian over the weekend. With its 2 million mt/year new line at Ningbo now running at full, Yisheng is now Asia's largest PTA producer with a total capacity of 5.55 million mt/year.

CFR India: Assessed at flat to CFR China at \$1,167/mt. The Indian market remained weak and traders had little inclination to move cargoes there. "By rights, CFR India should be equivalent to CFR China plus a premium. But no buyer is willing to pay the premium now because supply is long and the polyester market is still slow," a Japanese trader said. Separately, PTA feedstock paraxylene closed Friday at \$1,407/mt CFR Taiwan/China, up \$42/mt or 3.08% week on week. Monoethylene glycol, the other key feedstock for polyester, fell \$18 or 1.5% week on week to close at \$1,206/mt CFR China as Taiwan's Nan Ya Plastics was in the process of restarting its production.

Bioethanol

Asian bioethanol gained \$15/cu m week on week Friday to \$858/cu m CIF Philippines and \$805/cu m FOB Singapore. After a long lull, spot activity ramped up discernibly this week. The Philippines' Petron Corp. issued a tender for three parcels to be delivered over October-December, each of minimum 6,000 cu m in lot size. Industry sources said Petron gave an option to take up to 24,000 cu m or 8,000 cu m/month if prices were attractive. Price indications expressed by regional sellers were at least in the mid \$800/cu m range, given that the last three

trades done to the Philippines were concluded at \$780/cu m FOB Vietnam for 3,000 cu m parcels. According to sources, the first parcel was sold by Alcotra to Chevron, the second Vertical to Total and the last, Astra Oil to Seoil. Market expectations on pricing were bullish as well, given that Brazilian exports are likely to be curbed further and as the US Senate agreed on a plan to end the 45 cent/gallon ethanol blenders' credit and the 54 cent/gallon tariff on imported ethanol by the end of July. Indications from the regional gasoline markets were also firm. Blending margins have turned very attractive in July as the inter-ONs and gasoline/naphtha spread hit year-highs on the back of strong demand from Indonesia and Malaysia ahead of Ramadan in August and the Eid al-Fitr holiday starting August 31. Meanwhile, supplies from Thailand are poised to be scarce going forward as the country's largest producer and exporter of fuel ethanol, Petro Green, will shut all its ethanol plants in October for a month of maintenance. Petro Green owns four plants in Thailand, each with a capacity to make 200,000 liters/day fuel-grade ethanol, in Phukieo, Kuchinarai, Suphanburi and Tak. The plants are running at 80-90% of capacity. Petro Green will not have any term or spot ethanol cargoes for sale in the fourth quarter as crushing season in Thailand will only begin in November. Furthermore, domestic demand was strong and local prices more attractive than export prices. According to the company, current delivered ethanol prices in Thailand are Baht 23/liter, equating to \$761/cu m. The company typically exports around 20%, or 4,000-5,000 cu m, of its monthly ethanol production to the Philippines via traders. In Vietnam, Dong Xanh has shut its cassava-based fuel grade ethanol plant at Quang Nam due to a storage problem. Dong Xanh's sole storage facility at the port of Lien Chieu, which has a capacity of 10,000 cu m, is now full, forcing the company to shut its plant. It was not clear when the plant would be restarted, the source said.

News

Ellba lifts force majeure on Singapore SM supplies July 1

Ellba Eastern, a Shell-BASF joint venture, which restarted its 550,000 mt/year styrene monomer/propylene oxide Singapore plant mid-April following a shutdown almost a month earlier, lifted the force majeure on SM supplies on July 1, Shell said Wednesday. Supplies from the plant remained

under force majeure after being restarted because feedstock supply from Shell's 800,000 mt/year steam cracker on Pulau Bukom, Singapore, was also under force majeure. The force majeure on the cracker was also lifted July 1. "We confirm that force majeure was lifted on July 1 on our contracts and we have resumed supplies to our customers," a Shell spokeswoman said. The current operating rate of Ellba's SM plant is not known.

Taiwan's Formosa to restart No. 1 steam cracker around mid-Aug

Taiwan's Formosa Petrochemical targets to restart its No. 1 naphtha-fed steam cracker in Mailiao around the middle of August after an emergency shutdown on May 12, a company source said Wednesday. The No. 1 cracker, which is able to produce 700,000 mt/year of ethylene and 350,000 mt/year of propylene, was shut May 12 following an LPG pipeline fire. The source said Formosa now targets to restart the No. 1 cracker just before its planned maintenance of the No. 3 steam cracker, also located in Mailiao. The company plans to shut its No. 3 cracker from the middle of August for 40 days of annual maintenance. Meanwhile, the company continued running its No. 2 and No. 3 steam crackers at 80% capacity. The No. 2 cracker is able to produce 1.03 million mt/year of ethylene and 515,000 mt/year of propylene.

Taiwan's Nan Ya Plastics restarts 360,000 mt/year No. 1 MEG line

Taiwan's Nan Ya Plastics restarted one of four monoethylene glycol lines at its 1.78 million mt/year plant in Mailiao Thursday, a company source said. The No. 1 line, with a capacity of 360,000 mt/year, was restarted early Thursday and was running at "above 70%" of capacity by mid-day, the source said. The company had to shut the No. 1 and No. 2 lines, each with a capacity of 360,000 mt/year, on May 12 due to a fire at Formosa Petrochemical Corp.'s LPG pipeline at the same site. Nan Ya was ordered by Taiwanese authorities to shut its two remaining MEG units — No. 3 and No. 4 — mid-June for a safety inspection. The No. 3 unit has a capacity of 360,000 mt/year, while the No. 4 unit is able to produce 700,000 mt/year. The No. 1 and No. 2 lines, which supplies MEG to affiliates and domestic users, will be restarted first, the source told Platts earlier this week.