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Polyolefins

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☆RIM POLYOLEFINS INTELLIGENCE DAILY

★No.3398 Aug 23 2021

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--TOKYO, 18:30 JST Aug 23 2021 <Assessment Closing Time>

◎RECX-22 index

RECX-22 index for Monday was 120.77, down 0.20 points from last Friday

----- Introduction of Rim reports -----

Please access the URL below for a lineup of Rim reports. You can view sample reports as well as detailed explanations on the contents:

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Lineup:

Bunker Oil	Crude/Condensate	Products
LPG	Petrochemicals	Polyolefins
LNG	Daily Data	Rim Data File

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©Olefins (\$/MT)			
	CFR N. E. Asia	CFR S. E. Asia	FOB Korea
Ethylene	890/ 910	900/ 920	880/ 900
Propylene	1,020/1,050	940/ 970	1,000/1,030
Butadiene	1,580/1,620	1,530/1,570	1,550/1,600

©China Domestic (Yuan/MT)	
	East China
Propylene	7,400/ 7,500
Propylene (Shandong)*	7,700/ 7,800
Butadiene	11,500/11,600
SBR	13,200/13,300
BR	13,900/14,100

*Shandong prices refer to ex-tank assessments in the Shandong area.

©Polymers (\$/MT)				
	CFR China	CFR S. E. Asia	China Domestic*	USD [^]
LDPE (Film)	1,310/1,330	1,350/1,390	10,800/11,000	1,394
LLDPE (Film)	1,070/1,110	1,190/1,210	8,300/ 8,400	1,068
HDPE (Film)	1,070/1,090	1,130/1,150	8,400/ 8,500	1,081 +
HDPE (Yarn)	1,070/1,090	1,130/1,150	8,900/ 9,100	1,151
PP (Homo) – BOPP	1,120/1,140	1,220/1,260	—	—
PP (Homo) – Yarn/INJ	1,100/1,120	1,200/1,240	8,500/ 8,600	1,094 +
PP (Block Co) – INJ	1,130/1,150	1,230/1,270	—	—

*Yuan/MT, [^]USD calculated from China Domestic.

©PVC and Feedstocks (\$/MT)	
	CFR China
PVC	1,260/1,270
Ethylene Dichloride	680/ 690
Vinylchloride Monomer	1,120/1,150

©Weekly & Monthly Average**				
	16. Aug – 20. Aug	Jul Ave.	16. Aug – 20. Aug	Jul Ave.
Ethylene	900/ 928	968/1,003	914/ 942	958/ 995
Propylene	1,008/1,038	997/1,030	928/ 958	917/ 950
Butadiene	1,588/1,632	1,442/1,476	1,538/1,582	1,392/1,426

FOB Korea	
Ethylene	888/ 908
Propylene	988/1,018
Butadiene	1,574/1,620

China Domestic*	
Propylene	7,400/ 7,500
Propylene (Shandong)	7,670/ 7,770
Butadiene	11,340/11,440
SBR	13,200/13,300
BR	13,940/14,100

CFR China		CFR S. E. Asia	
	16. Aug – 20. Aug	Jul Ave.	16. Aug – 20. Aug
LDPE (Film)	1,310/1,330	1,276/1,296	1,350/1,390
LLDPE (Film)	1,070/1,110	1,066/1,090	1,190/1,210
HDPE (Film)	1,070/1,090	1,050/1,070	1,130/1,150



HDPE (Yarn)	1,070/1,090	1,058/1,078	1,130/1,150	1,114/1,135
PP (Homo) – BOPP	1,120/1,140	1,113/1,133	1,220/1,260	1,220/1,260
PP (Homo) – Yarn/INJ	1,100/1,120	1,093/1,113	1,200/1,240	1,200/1,240
PP (Block Co) – INJ	1,130/1,150	1,123/1,143	1,230/1,270	1,230/1,270
China Domestic*				
LDPE (Film)	10,740/10,920	10,285/10,505		
LLDPE (Film)	8,280/ 8,380	8,130/ 8,260		
HDPE (Film)	8,380/ 8,480	8,895/ 9,130		
HDPE (Yarn)	8,900/ 9,100	9,195/ 9,380		
PP (Homo) – Yarn/INJ	8,500/ 8,600	8,473/ 8,573		
CFR China				
PVC	1,248/1,258	1,212/1,222		
Ethylene Dichloride	680/ 690	680/ 690		
Vinylchloride Monomer	1,090/1,108	1,079/1,097		

◎Spread/Olefins (\$/MT)**				
	Ethylene	Propylene	Butadiene	Naphtha
Ethylene	—	-135	-700	285 -
Propylene	135	—	-565	420 -
Butadiene	700	565	—	985 -
Naphtha	-285 +	-420 +	-985 +	—

Calculated from the price difference between each product and CFR Japan Naphtha.

◎Spread/Polyolefins & Intermediate VS Feedstocks (\$/MT)**							
LDPE (Film)	402	PP/Homo (BOPP)	95	SM	104 +	EDC	424
LLDPE (Film)	235	PP/Homo (Yarn/INJ)	75	Phenol	-120 -	VCM	25
HDPE (Film)	144	PP/Block Co (INJ)	53	PTA	94 -	PVC	119
				MEG	103 +		

Calculated from the price difference between each product and its feedstock.

**These are reference prices and not price assessments.

◎OLEFINS

○Ethylene

In ethylene markets in Asia on Monday, CFR Northeast Asia and CFR Southeast Asia prices were unchanged at \$890-910/mt and \$900-920/mt respectively. FOB Korea prices were stable at \$880-900/mt.

In the Northeast Asia market, fresh deals, bids and offers were not heard. Although benchmark feedstock crude and naphtha prices were lower than before, considering the spread with ethylene prices, there was said to be limited room for the ethylene market to fall. Regarding facilities, Mitsui Chemicals injected feedstock into its ethylene facility in Chiba and restarted the facility on Aug 21.

The facility had previously restarted after maintenance on Aug 4 but it had been shut down again due to troubles.

On an FOB Korea basis, fresh movements were not seen. Operation rates of LG Chem's linear low density polyethylene (LLDPE) facility in Yeosu decreased to about 50-70% due to troubles, said market sources. Views were heard it might take about one week until the troubles were resolved.

On a CFR Southeast Asia basis, fresh trade was not seen. On an FOB Southeast Asia basis, a Thai maker was said to have sold a spot cargo last week but the details were not confirmed.



○Propylene

In propylene markets in Asia on Monday, CFR Northeast Asia prices stayed intact at \$1,020-1,050/mt. CFR Southeast Asia and FOB Korea prices were unchanged at \$940-970/mt and \$1,000-1,030/mt respectively.

On a CFR Northeast Asia basis, activity was thin as it was the beginning of the week. Since the propylene markets in Europe and the US were firm, sellers were interested in sales for delivery to outside the region. In Asia, discussion levels for delivery to Japan were relatively high and sellers were not aggressive in sales for delivery to China. Buying interest from Chinese end-users for propylene was not strong since domestic prices for derivative polypropylene were bearish. Last week, a deal was reportedly done at \$1,070/mt. Many sources perceived that the deal was likely to be for delivery to Japan. In addition, several deals for delivery to Japan in mid-September were reportedly done at prices linked to market quotations or fixed

prices last week. A trader said that possible deal levels for delivery to Japan were in the high \$1,000's/mt. As reported, in Japan, facility troubles were occurring one after another and supply was tight. For this reason, in the CFR Northeast Asia market, discussion levels for delivery to Japan were relatively high.

On an FOB Korea basis, supply for spot cargoes was limited since many facilities were undergoing maintenance. As a result, sellers focused on supply to the domestic market and there were few available cargoes for export.

In the Southeast Asia market, a Thai maker sold one September loading cargo last week at a price linked to market quotations.

In the China domestic market, East China and Shandong prices were unchanged at Yuan 7,400-7,500/mt and Yuan 7,700-7,800/mt respectively.

○Butadiene

In butadiene markets in Asia on Monday, CFR Northeast Asia and CFR Southeast Asia prices were stable at \$1,580-1,620/mt and \$1,530-1,570/mt respectively. FOB Korea prices were unchanged at \$1,550-1,600/mt.

On a CFR Northeast Asia basis, a wait-and-see mood was strong. As sellers had few cargoes to sell, they were not in a hurry for trade. On the other hand, end-users already bought some necessary cargoes for September delivery and were not aggressive in buying spot cargoes.

On an FOB China basis, sellers were less

interested in sales for export since domestic butadiene prices were rising recently.

On an FOB Korea basis and on a CFR Southeast Asia basis, fresh discussions were not heard.

In the China domestic market, East China prices held steady at Yuan 11,500-11,600/mt. Regarding facilities, Gulei Petrochemical's naphtha cracker started up and production of on-spec ethylene was reportedly confirmed. A trial run of its butadiene facility was expected to start soon. On the other hand, Zhejiang Petrochemical's No.2 butadiene facility was reportedly operating at rates of 70-80%.

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In the CFR China polyolefin market, low density polyethylene (LDPE) Film prices were unchanged at \$1,310-1,330/mt. Linear low density polyethylene (LLDPE) Film and high density polyethylene (HDPE) Film prices held steady at \$1,070-1,110/mt and \$1,070-1,090/mt respectively. Offers from a Saudi Arabian maker were heard at \$1,440/mt for LDPE Film, \$1,180/mt for LLDPE Film, \$1,150/mt

for HDPE Film and \$1,120/mt for HDPE Blow. Deals were not reported. As prices in the markets other than China were relatively high, sellers were apparently reluctant to reduce offers to sell.

On a CFR Southeast Asia basis, LLDPE Film prices were stable at \$1,190-1,210/mt. A Saudi Arabian maker indicted offers for LLDPE Film at \$1,230/mt for delivery to Vietnam and \$1,210/mt for delivery



to Indonesia. Deals were not heard. In Ho Chi Minh, curfew was implemented to curb the spread of COVID-19. As operations of plants were

temporarily shut down, demand for polyolefins might be affected, said market sources in Vietnam.

©PVC and RAW MATERIALS

Vinylchloride monomer (VCM) prices on a CFR China basis were stable at \$1,120-1,150/mt. Discussions for delivery to China were still ongoing but showed slow progress. Sellers reportedly maintained offers at \$1,160-1,170/mt. On the other hand, buyers' ideas were only heard at about \$1,050/mt. Sellers perceived that the buyers' ideas

were relatively low and were reluctant to reduce offers as of now. Since bids and offers were far apart, it was difficult for deals to be done. But considering that the China domestic polyvinyl chloride (PVC) market was firm, possible deal levels were perceived to be unchanged.

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○Japan Domestic Naphtha Price

The price for the quarter July to September was forecast at Yen 53,100/kl, down Yen 300/kl from the previous forecast. The fall was due to a decrease in CFR Japan spot naphtha prices.

JAPAN DOMESTIC NAPHTHA PRICE DELIVERED BASIS				
	Estimated Import Price (JPY)	Year-on-Year Ethylene Price Change (JPY)	Duty-Paid Import Price (USD)	Yen Rate Estimation
Jul-Sep	53,100	28.6	668.53	110.08
	Duty-Paid Import Price (USD)	Yen Rate Estimation	Estimated Import Price (JPY)	Change on Week
Jul	645.83	110.52	49,534	0
Aug	685.62	109.88	52,281	15
Sep	674.13	109.85	51,393	-1,050
Jul-Sep	668.53	110.08	51,069	-345
Domestic price			53,100	-300
Unit of Measurement: kiloliter (kl) Domestic Price = Japanese Yen (JPY/kl) Change of ethylene price on year = JPY/kilogram (kg)				
Duty-paid import price = USD/mt, Yen rate estimation = JPY to USD				

Note:

- the Japan Ministry of Finance (MOF) publishes monthly average domestic naphtha delivered prices for the previous month at end of the current month.
- in its determination of the monthly domestic naphtha delivered price, MOF adds a JPY 2,000/kl surcharge to account for delivery costs to the monthly average.
- when available, the Rim Intelligence domestic naphtha delivered price for a quarter takes the average of the MOF monthly average and a running average of Rim Intelligence daily CFR Japan naphtha assessments plus the MOF JPY 2,000/kl surcharge.
- when not available, the Rim domestic naphtha delivered price for a quarter is the running average of Rim Intelligence daily CFR Japan naphtha assessments plus the MOF JPY 2,000/kl surcharge.



©Market News

○Cosmo shuts down Sakai CDU for maintenance as scheduled

Japan refiner Cosmo Oil shut down the 100,000 barrels-per-day crude distillation unit (CDU) at its Sakai refinery for regular maintenance last Friday, a company spokesperson told Rim intelligence on Monday. Cosmo was planning to resume the CDU in late September.



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