

RIM POLYOLEFINS INTELLIGENCE DAILY

No.2783 Jan 31, 2019

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--TOKYO, 18:30 JST Jan 31, 2019 <Assessment Closing Time>

◎NOTICE:

◎Publication of expected JCC

On Mar 6, Rim Intelligence began publishing the expected CIF price for crude oil imported to Japan, or Japan Crude Cocktail (JCC) on our website. We post market news covering the summary of the expected JCC, as well as commentaries on the trend of Dubai crude prices and yen/dollar exchange rates, components used to determine the expected JCC, three times every month. The expected JCC has been published for more than 10 years on some of Rim daily reports including LNG, Lorry Rack and Japan Products. The expected JCC, calculated based on our long experience in price assessments and accumulated research data, has been recognized as a reliable benchmark by a wide variety of market players both within and outside Japan.

◎RECX-22 index

RECX-22 index for Thursday was 93.89, up 1.29 points from the previous day.

-----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:

<https://eng.rim-intelligence.co.jp/first/report>

Lineup:

Bunker Oil	Crude/Condensate	Products	
LPG	Petrochemicals	Polyolefins	
LNG	South Asia Gas (Weekly)	Daily Data	Rim Data File

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©Olefins(\$/MT)			
	CFR N.E. Asia	CFR S.E. Asia	FOB Korea
Ethylene	+ 1,100/1,150 +	+ 1,000/1,050 +	+ 1,080/1,120 +
Propylene	910/ 920	830/ 840	880/ 900
Butadiene	- 1,120/1,150	- 1,070/1,100	- 1,070/1,100

©China Domestic(Yuan/MT)	
	East China
Propylene	7,850/ 7,900
Propylene (Shandong)*	7,800/ 7,850
Butadiene	10,200/10,300
SBR	11,600/11,700
BR	11,700/11,800

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

©Polymers (\$/MT)				
	CFR China	CFR S.E. Asia	China Domestic*	USD [^]
LDPE(Film)	1,000/1,050	1,020/1,040	8,900/9,100	1,087 +
LLDPE(Film)	1,020/1,040	+ 1,020/1,040	9,000/9,100	1,093 +
HDPE(Film)	1,050/1,100	+ 1,050/1,100 +	9,500/9,700	1,159 +
HDPE(Yarn)	1,050/1,100	+ 1,050/1,100 +	9,650/9,850	1,177 +
PP(Homo) – BOPP	1,090/1,100	1,090/1,100	—	—
PP(Homo) – Yarn/INJ	1,080/1,090	1,070/1,080	9,000/9,050	1,090 +
PP(Block Co) – INJ	1,110/1,120	1,110/1,120	—	—

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

©PVC and Feedstocks (\$/MT)	
	CFR China
PVC	890/900
Ethylene Dichloride	410/420
Vinylchloride Monomer	725/735

©Weekly & Monthly Average**				
	21.Jan – 25.Jan	Jan Ave.	21.Jan – 25.Jan	Jan Ave.
Ethylene	976/1,010	+ 937/ 967 +	874/ 906	+ 834/ 863 +
Propylene	936/ 962	+ 941/ 965 +	856/ 882	+ 861/ 885 +
Butadiene	1,162/1,190	- 1,158/1,186 -	1,112/1,140	- 1,108/1,136 -
FOB Korea				
Ethylene	954/ 982	+ 914/ 940 +		
Propylene	900/ 924	+ 906/ 929 +		
Butadiene	1,112/1,140	- 1,104/1,132 -		
China Domestic*				
Propylene	7,850/ 7,930	+ 7,922/ 7,983 -		
Propylene (Shandong)	7,870/ 7,950	+ 7,908/ 7,992 -		
Butadiene	10,020/10,120	+ 10,481/10,581 +		
SBR	11,640/11,740	+ 11,756/11,856 +		
BR	11,710/11,810	+ 11,817/11,950 +		
CFR China				
	21.Jan – 25.Jan	Jan Ave.	CFR S.E. Asia	Jan Ave.
LDPE(Film)	1,000/1,050	+ 1,000/1,050 +	1,016/1,048	- 1,016/1,054 -
LLDPE(Film)	1,020/1,040	+ 1,011/1,031 +	1,014/1,040	+ 1,008/1,036 +
HDPE(Film)	1,050/1,100	- 1,041/1,091 -	1,042/1,092	- 1,040/1,086 -



HDPE(Yarn)	1,050/1,100	- 1,041/1,091 -	1,042/1,092	- 1,040/1,086 -
PP(Homo) - BOPP	1,074/1,092	+ 1,071/1,088 +	1,082/1,100	- 1,083/1,100 -
PP(Homo) - Yarn/INJ	1,064/1,082	+ 1,061/1,078 +	1,062/1,080	- 1,063/1,080 -
PP(Block Co) - INJ	1,094/1,112	+ 1,091/1,108 +	1,102/1,120	- 1,103/1,120 -
China Domestic*				
LDPE(Film)	8,950/9,150	- 8,972/9,206 -		
LLDPE(Film)	9,100/9,200	- 9,078/9,211 -		
HDPE(Film)	9,600/9,700	- 9,578/9,733 -		
HDPE(Yarn)	9,650/9,850	- 9,700/9,883 -		
PP(Homo) - Yarn/INJ	9,200/9,250	- 9,172/9,222 -		
CFR China				
PVC	890/900	+ 884/894 +		
Ethylene Dichloride	410/420	+ 403/413 +		
Vinylchloride Monomer	706/716	+ 705/715 +		

◎Spread/Olefins(\$/MT)**				
	Ethylene	Propylene	Butadiene	Naphtha
Ethylene	—	210 +	-10 +	614 +
Propylene	-210 -	—	-220 +	404 -
Butadiene	10 -	220 -	—	624 -
Naphtha	-614 -	-404 +	-624 +	—

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

◎Spread/Polyolefins & Intermediate VS Feedstocks (\$/MT)**							
LDPE(Film)	-123 -	PP/Homo(BOPP)	180	SM	240 -	EDC	89 -
LLDPE(Film)	-39 -	PP/Homo(Yarn/INJ)	170	Phenol	96 -	VCM	58
HDPE(Film)	-95 -	PP/Block Co(INJ)	154	PTA	57 -	PVC	158
				MEG	-48 -		

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 Thursday, CFR Northeast Asia and CFR Southeast Asia prices increased \$75/mt from the previous day to \$1,100-1,150/mt and \$1,000-1,050/mt respectively. FOB Korea prices rose \$75/mt to \$1,080-1,120/mt. The market was boosted by perceptions of tight supply/demand fundamentals.

In Northeast Asia, supply/demand fundamentals remained tight. Availability was limited owing to facility troubles within the region and a maintenance season from March onwards. On the other hand, end-users still showed buying interest. Under this situation, a deal for delivery to Northeast Asia was done at \$1,100/mt. After the deal, sellers

offered at \$1,150/mt and sources pointed out possible discussion levels were in the range of \$1,100-1,150/mt. On the other hand, with ethylene prices rising, some players reckoned that some petrochemical makers might reduce derivative polyethylene production and sell ethylene. Further, more non-regional cargoes might be sold into Asia. Therefore, the market might lack upward momentum going forward. On facilities, the No.2 naphtha cracker owned by Taiwan's Formosa Petrochemical Corporation (FPCC) was operating at low rates as was previously reported. Sources mentioned that the cracker was currently operating at about 90%.

On an FOB Korea basis, one maker had been negotiating with traders on a cargo loading end-February onwards. But after that, the maker withdrew from discussions and a deal was not

reached. Sources pointed out that the maker was checking the ethylene market through negotiations and as not really showing strong selling interest.

○ Propylene

In propylene markets in Asia on Thursday, CFR Northeast Asia prices held steady at \$910-920/mt. CFR Southeast Asia and FOB Korea prices stayed intact at \$830-840/mt and \$880-900/mt respectively.

In Northeast Asia, offers were heard at \$920-930/mt but no buyers responded. Buyers had completed purchasing before the Lunar New Year and retreated to the sidelines. In Taiwan, CPC Corporation was said to have already restarted its RFCC unit and on-spec propylene was confirmed. Sources reckoned that supply to term customers would recover in February. Consequently, buying interest from Taiwanese end-users for imported cargoes receded. On the other hand, availability of Southeast Asian cargoes was plentiful and market

sentiment remained weak.

On an FOB Korea basis, availability from makers was not observed but some traders apparently had room for spot sale. Nevertheless, firm discussions were not heard at the moment.

In Southeast Asia, Thailand's PTTGC reportedly awarded its sell tender closed on Jan 30 but details were unclear. One trader submitted a bid at a single-digit premium to CFR Southeast Asia quotation but did not win the tender. On the other hand, regarding the Indonesian cargoes mentioned on Wednesday, traders mentioned that they were offered by Pertamina via a tender which closed on Jan 31. Results were unknown at present.

○ Butadiene

In butadiene markets in Asia on Thursday, CFR Northeast Asia prices slipped \$5/mt from a day earlier to \$1,120-1,150/mt in view of receding demand. CFR Southeast Asia and FOB Korea prices shed \$5/mt to \$1,070-1,100/mt along with weakness in the CFR Northeast Asia market.

In Northeast Asia, with the Lunar New Year approaching, buying interest from Chinese end-users receded. On the other hand, non-regional supply was ample and market sentiment weakened. Under such circumstances, a cargo for March delivery to Korea was reportedly traded at \$1,120/mt. A trader that was seen to be the seller

pointed out that this was an additional volume for a cargo that was already previously traded and therefore the price was relatively low. For new cargoes, the trader would not sell below \$1,150/mt.

On an FOB Korea and a CFR Southeast Asia basis, few bids and offers were heard and prices tracked movements in the CFR Northeast Asia market.

On an FOB Southeast Asia basis, Thailand's PTTGC was aid to have awarded its sell tender closed on Jan 30 but details were sketchy. One trader apparently submitted a bid at a discount of \$130/mt to CFR Northeast Asia quotations but was not awarded.

◎Tender

Olefin Tenders					
Company	Buy/Sell	Quantity	Timing	Close	Price
	Cargo	Basis	Result	Validity	
Rabigh	Sell	9,000	Feb 15-16	4-Feb	
	Propylene	FOB			

PTTGC	Sell	2,000	Mar 4-6	30-Jan	
	C4Raff-1	FOB		30-Jan	
PTTGC	Sell	1,700	Feb 26-Mar 2	30-Jan	
	Butadiene	FOB	Awarded	30-Jan	
PTTGC	Sell	2,350	Mar 5-7	30-Jan	
	Propylene	FOB	Awarded	30-Jan	
PTTGC	Sell	3,500 or 5,000	Feb 23-25	25-Jan	CFR SEA
	Ethylene	FOB	Awarded	25-Jan	Linked Price
PTTGC	Sell	2,350	Feb 2H	24-Jan	CFR SEA
	Propylene	FOB	Awarded	24-Jan	Linked Price
PTTGC	Sell	1,700	Feb 20-24	24-Jan	CFR
	Butadiene	FOB	Awarded	24-Jan	NEA-80s
Quantity mt, Source: Rim survey					

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The CFR China polyolefin market was stable on Thursday. With feedstock ethylene prices increasing, some end-users apparently showed buying interest. But as it was difficult to arrange for transportation in China with the Lunar New Year approaching, such buying interest was limited to only some players. Linear low density polyethylene (LLDPE) Film from India was offered at \$1,040-1,050/mt but possible deal levels were at around \$1,030/mt.

On a CFR Southeast Asia basis, LLDPE Film prices gained \$5/mt from the previous day to \$1,020-1,040/mt while high density polyethylene (HDPE) Film and HDPE Yarn prices increased

\$20/mt to \$1,050-1,100/mt. The price spread with the CFR China market was erased. For LLDPE Film, Middle East cargoes were offered at \$1,040-1,050/mt but deal levels were seen to be at \$1,040/mt as an upper limit. For HDPE Film, deal levels for Middle East cargoes were heard at \$1,050/mt. Deals for Southeast Asian cargoes were seen to be possible at about \$1,100/mt.

For US cargoes, traders reckoned that negotiations on March cargoes would begin in early February. For February cargoes, the sales volume to Asia was limited in view of firm domestic demand in the US.

© PVC and RAW MATERIALS

Polyvinyl chloride (PVC) prices on a CFR China basis showed no change at \$890-900/mt on Thursday. Talks on February cargoes were finished and it was too early to begin negotiations on March cargoes. As a result, buying interest from end-users was thin. In the US, cargoes loading February were traded at about \$800/mt, higher than the previous

month by \$20/mt. With prices of US cargoes rising, some players reckoned that Asian makers had room to increase their price for March cargoes. On the other hand, since end-users were showing resistance to a price hike in discussions on February cargoes, some players were unsure if end-users would accept a further increase in prices.

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○ Japan December chemical industry statistics: METI

To view content, please click on link below.

<https://eng.rim-intelligence.co.jp/news/select/category/Statistics/article/155253>

**OShandong Independent 28 refineries crude throughput, unchanged from last week**

The average crude throughput for 28 independent refiners in Shandong region, China, surveyed on weekly basis by Rim Intelligence was 288,600 metric tons per day (mt/d) on Wednesday, showing no change from last week. The figure equates to a utilization rate of about 60.4% of the sampled capacity, remaining steady from last week. Throughput for crude and fuel oil was 183,100mt/d, maintaining from last week. Coming into Chinese New Year holidays, the operation of refineries was stabilized.

OTaiwan crude throughput at 980,000 b/d, up 3.2% from last week

Combined crude throughput at oil refiners in Taiwan was at 980,000 barrels per day (b/d) on Thursday, increased 3.2% from last week. The current figure equates to a utilization rate of 89.9% of its total refining capacity of 1.09 mil b/d. Formosa Petrochemicals Corp (FPCC) maintained its crude throughput to 500,000b/d. The company would be planning its crude throughput to 520,000b/d on average in February. CPC Corp raised its crude throughput to 480,000b/d. The 80,000b/d Residue Fluid Catalytic Cracking (RFCC) unit at the 350,000b/d Daling refinery which had ceased due to trouble resumed the operation in last weekend.

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