

China Polyether Polyols Weekly Report

Version: 201452 (Jan. 05, 2015-Jan. 09, 2015)



Weekly Market Analyses

(\$ 1 = CNY 6.19)

Weekly Market Overview

Flexible Slabstock Polyols

Flexible slabstocks polyols availability in east China is a little tight due to planned shutdown at one local major while in north China, mainstream price range narrows due to propylene oxide strengthen but good availability also caps the upper end. Till Friday, spot prices are in east China heard at RMB 12,000-12,400/ton compared with RMB 12,200-12,400/ton and in north China at RMB 11,800-11,900/ton compared with RMB 11,600-12,100/ton, all on bulk and DEL.

High Resilience Polyols

High resilience (HR) polyols has been keeping nearly unchanged this week as leading suppliers continue to hold stable offers and end users stay at the fence with limited purchasing need. Increasing market players become cautious to act seeing upstream weak note. Spot prices are heard at RMB 13,000-13,400/ton in east and south China and RMB 12,700-12,800/ton in north China, in drum and DEL.

Elastomer Polyols

Elastomer polyols prices maintain at RMB 12,800-13,200/ton in east and south China in drum and DEL due to the absence of trading negotiation; besides, many middlemen are paying attention to collect trade debts and polyols producers also shift production to other grades.

Rigid Polyols

Rigid polyols moves up by RMB 100-400/ton this week strengthened by propylene oxide price increment but terminal demand always keeps subdued in off season. Prompt cargoes of 4110 are heard offered at RMB 10,500-11,400/ton in east China compared with 10,500-11,000/ton on Dec. 31 and in north China at RMB 10,500-11,000/ton compared with RMB 10,800-11,300/ton, all in drum and DEL.

Polymer Polyols

Polymer polyols prices stay range-bound between RMB 13,800-15,500/ton, according to market sources. Despite price uptrend at propylene oxide, other raw materials include styrene monomer and acrylonitrile are dipping, offsetting the positive effect; after all, terminal demand has been always sluggish around the year beginning.

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Spot prices

Table 1 Weekly Polyether Polyols Spot Prices in Different Regions (RMB/ton)

Grade	Region	This Week	Last Week	Change
Flexible Slab Polyols	E-China	12,000-12,400	12,200-12,400	-200, 0
	S-China	12,000-12,200	12,000-12,200	n/c
	N-China	11,800-11,900	11,600-12,100	-200, -200
HR Polyols	E-China	13,000-13,400	13,000-13,400	n/c
	S-China	13,000-13,400	13000-13,400	n/c
	N-China	12,700-12,800	12,700-12,800	n/c
Elastomer Polyols	E-China	12,800-13,200	12,800-13,200	n/c
	S-China	12800-13,200	12,800-13,200	n/c
	N-China	12,600-12,800	12,600-12,800	n/c
Rigid Polyols	E-China	10,500-11,400	10,500-11,000	0, 400
	S-China	10,800-11,400	10,800-11,300	0, 100
	N-China	10,500-11,000	10,500-10,800	0, 200
POP (slabstock)	E-China	13,800-14,500	13,800-14,500	n/c
	S-China	13,800-14,500	13,800-14,500	n/c
	N-China	13,500-14,200	13,500-14,200	n/c
POP (HR)	E-China	14,500-15,500	14,500-15,500	n/c
	S-China	14500-15,500	14500-15,500	n/c
	N-China	13800-14,500	13800-14,500	n/c

Note:

1. Flexible Slabstock Polyols brands: 5623, 5613, 560S, 3031K, 5616, etc. (Bulk/Delivery)
2. Flexible Polyols (HR) brands: 330N, 820, 703, 3603, etc. (Drum/Delivery)
3. Elastomer Polyols brands: 220, 210, etc. (Drum/Delivery)
4. Rigid Polyols brands: Conventional rigid Polyol 4110. (Drum/Delivery)
5. POP (slabstock) brands: 2045, 2042; (Drum/Delivery)
6. POP (HR) brands: 3628, 3630, etc. (Drum/Delivery)
7. Elastomer Polyols brands: 220, 210. (Drum/Delivery)

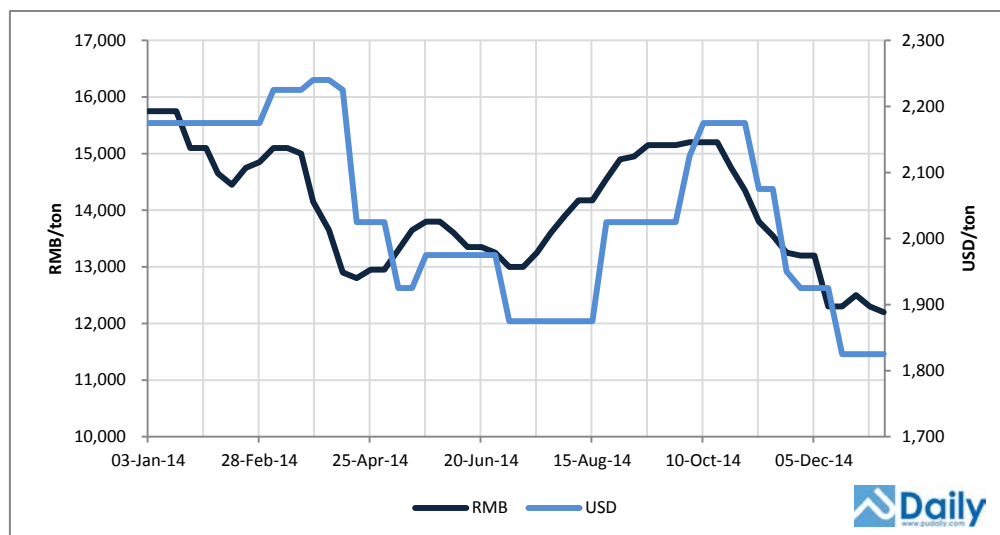
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Graph 1 Weekly Flexible Slabstocks Polyols Price Trend from 2014 to 2015



Note:
1. RMB Price: East China/in drum;
2. USD Price: Drum, CIF China

Suppliers' Quotes

Table 2 Main Chinese Producers' Flexible Slabstock Polyols Quotes (RMB/ton; bulk, ex-work)

Producer	Capacity/kt per year	This Week	Last Week	Change
CNOOC and Shell	270	12,000	12,150	-150
Bluestar Dongda	250	12,000	12,100	-100
Sinopec Gaoqiao	180	12,200	12,000	-200
Zhongshan Chemical	150	12,300	--	--
Fangda Jinhua	150	12,000	12,100	-100
Nanjing KUMHO GPRO	130	12,300	--	--
Tianjin Dagu	120	12,000	12,000	n/c
Fujian Meizhouwan	50	11,900	11,900	n/c

Note:
1. -- refers to no quotations
2. n/c refers to No Change
3.

Table 3 Main Chinese Producers' Rigid Polyol (4110) Quotes (RMB/ton; drum, ex-work)

Producer	Capacity/kt per year	This Week	Last Week	Change
Jurong Ningwu	300	11,400	11,400	n/c
Jiahua Chemical	260	-	-	
Sinopec Gaoqiao	180	11,600	11,600	n/c
Yadong Chemical	160	12,000	12,000	n/c
Shaoxing Hengfeng	100	10,500-11,400	10,900-12,100	-400, -700

Note:
1. -- refers to no quotations
2. n/c refers to "No Change"

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Table 4 Import Prices for Polyether Polyols in China (USD/ton; drum, CIF China)

Grade	Origins	This Week	Last Week	Change
Flexible Slab Polyols	S-Korea, America, Singapore	1,800-1,850	1,800-1,850	n/c
Polymer Polyols	S-Korea	2,500-2,500	2,500-2,500	n/c

Table 5 Export Prices for Polyether Polyols in China (USD/ton; drum, FOB China)

Grade	This Week	Last Week	Change
Flexible Slab Polyols	1,900-1,920	2,000-2,020	-100, -100
HR Polyols	2,200-2,230	2,300-2,320	-100, -90
Elastomer Polyols	2,000-2,030	2,100	-100, -70
Polymer Polyols	2,000-2,030	2,100	-100, -70
Rigid Polyols	1,650-1,700	--	--

Note:

1. Flexible Slabstock Polyols brands include: 5613, 2025A, 5616, etc.
2. POP (slabstock) refers to 42-45% solid content polymer Polyols
3. RMB Cost=USD CIF price $*(1+17%)*(1+6.5%)*\text{Exchange Rate} + \text{Import Port Charge}$
(Only available for calculating the costs of China polyether Polyols imports. 17%: VAT Rate; 6.5%: Import Duty Rate but Singapore with zero duty.)

Note:

1. Flexible Slabstock Polyols includes the MW 3000;
2. POP (common-grade) refers to 42-45% solid content;
3. HR Polyols: MW 4800-5000, such as 330N;
4. Elastomer Polyols: MW 1000 and MW 2000, such as 210/220.
5. Rigid polyols: 4110
6. n/c refers to No Change.

China Polyether Polyols Facilities Dynamics

Producer	Location	Capacity(Ktpa)	Production Note
CNOOC and Shell Petrochemicals Company Ltd	Huizhou, Guangdong	270	90%
Shandong Bluestar Dongda Chemical Industry Co., Ltd	Zibo, Shandong	250	90%
Zibo Dexin Lianbang Industry Chemical Co., Ltd	Zibo, Shandong	230	80%
Shandong Longhua Chemical Technology Co., Ltd	Zibo, Shandong	200	80%
Sinopec Shanghai Gaoqiao Petrochemical Corporation Polyurethane Division	Shanghai	180	80%
Jiangsu Changhua Polyurethane Co., Ltd	Zhangjiagang, Jiangsu	180	80%
Jiangsu Zhongshan Chemical Co., Ltd.	Nanjing, Jiangsu	150	Experienced shutdown during Jan. 1 to 3 and resumed
Jiahua (Binzhou) Chemical Co., Ltd	Binzhou, Shandong	150	70%
Fangda Jinhua Chemical Technology Co., Ltd	Huludao, Liaoning	150	50%
Nanjing KUMHO GPRO Chemical Co., Ltd	Nanjing, Jiangsu	130	Ramping up after turnaround from Dec. 25 to Jan. 6
Tianjin Dagu Fine Chemical Co., Ltd	Tianjin	120	50%
Sinopec Tianjin Petrochemical Polyether Polyols Division	Tianjin	120	70%
Rigid Polyols Supplier	Location	Capacity(Ktpa)	Production Note
Jurong Ningwu New Material Development Co., Ltd.	Jurong, Jiangsu	300	60%
Hebei Yadong Chemical Group Co., Ltd	Shijiazhuang, Hebei	160	70%
Nanjing Hongbaoli Co., Ltd	Nanjing, Jiangsu	150	Regular
Others			1,250
Total capacity		3,990	

Note: Flexible polyols suppliers refer to the polyols factories mainly pay attention to flexible polyols; rigid polyols suppliers refer to the polyols factories mainly produce rigid polyols.

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Analyses of Upstream Feedstocks

Crude Oil

Table 6 Weekly Crude Oil Price (\$/bbl)

Grade	This Week	Last Week	Fluctuation
NYMEX WTI	48.79	54.12	-5.33
ICE Brent	50.96	57.9	-6.94
OPEC	44.85	54.44	-9.59

Note: all prices for future stocks

Graph 2 WTI Crude Oil Price Trend from 2014 to 2015



Propylene

Propylene prices in China have climbed by RMB 250/ton after the market reopened on Jan. 5 bolstered by less availability from abroad and home but the uptrend is curbed by continuously decreasing oil prices. Market prices are reported at RMB 6,500-6,600/ton on Friday compared with RMB 6,250-6,350/ton on Dec. 31.

Table 7 Weekly Pricing Comparison of Main Raw Materials (RMB/ton)

Product	This Week	Last Week	Change
Propylene	6,500-6,600	6,250-6,350	250, 250
Propylene oxide	11,200-11,400	11,000-11,500	200, -100
Ethylene Oxide	7,500	7,500	n/c
DEG	6,650-6,670	6,750	-100, -80
Styrene Monomer	6,700-6,800	7,200-7,300	-500, -500
Acrylonitrile	13,600-13,700	1,4000-14,100	-400, -400

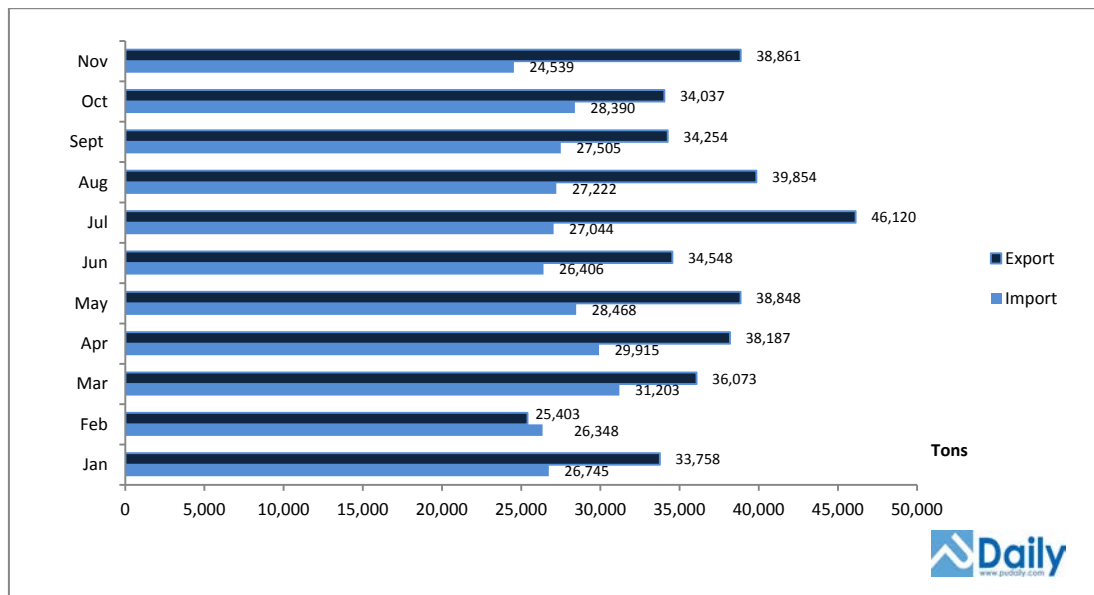
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Imports and Exports Analysis

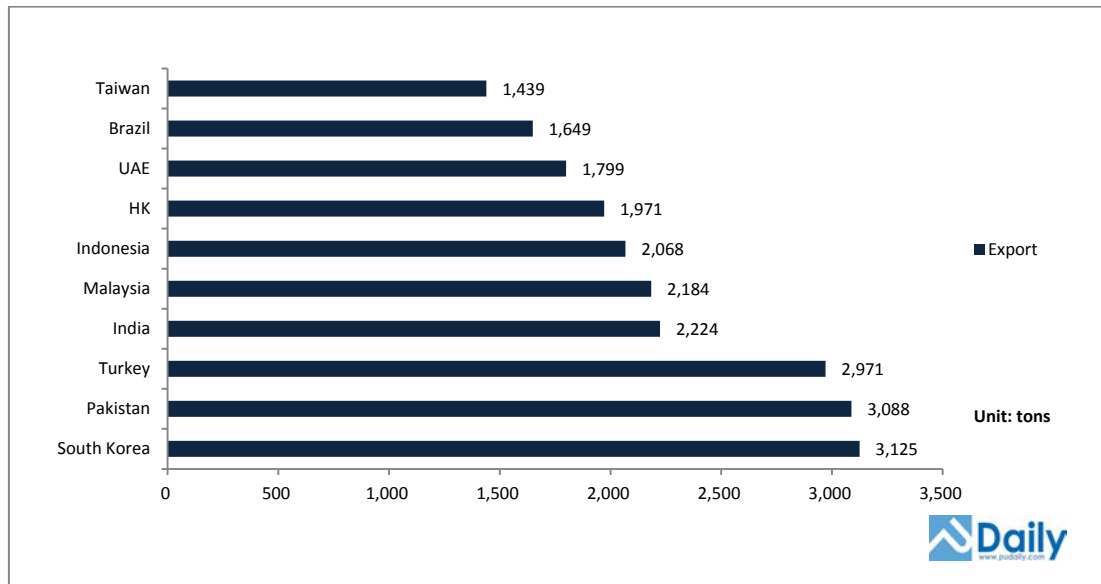
China polyols imports in November were 24,539 tons and exports were 38,861 tons compared with 28,826 tons and 30,546 tons in 2014, registering decrease of 14.87% and increase of 27.22% year on year respectively.

Top export destinations in Nov. were South Korea (3,125 tons), Pakistan (3,088 tons) and Turkey (2,971 tons). Leading exporters were Kukdo Chemical (3,945 tons), Jurong Ningwu (3,121 tons) and Korea Polyols (2,607 tons).

Graph 3 China Polyether Polyols Import and Export Data from Jan. to Nov., 2014 (Unit/Tons)



Graph 4 China Polyols Exports Top Destinations in Nov. 2014 (Unit/Tons)



Market Outlook

The polyether polyols market is expected to be fluctuating in narrow price ranges in the following week amid constantly weakening demand and possible price recession in upstream propylene oxide market. End users are expected to pay more attention on de-stocking and collect payment considering bearish spot prices and dulled business orders.

Contact Us

If you're interested in AA, BDO-THF-PTMEG, MDI (PMDI, MMDI), PO or TDI, pls contact us directly to get a sample :

Tel: 0086-21-61250980

Fax: 0086-21-61159277

E-mail: lucy.tang@pudaily.com jenny.zhou@pudaily.com

URL: <http://www.pudaily.com>

Add: Room F, 4/F, No.1 Hechuan Building, No. 2016 Yishan Road, Shanghai, China 201103

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