

SE Asia & India Isocyanates Market Analysis

Version: Jan. 01, 2015-Jan. 15, 2015



Spot Market Analysis

Market Overview

Southeast Asia

TDI

Downtrend extends in Southeast Asia TDI market in the first half of January, reflected by overall price drop of around USD 40-50/ton and weaker downstream buying interest complained by local distributors and traders.

Mainstream market quotations decrease from initial USD 2,150-2,200/ton to later USD 2,100-2,150/ton CIF SE Asia, according to local market sources. Market supply is ample while trading slows down due to buyers' hesitation in purchasing in view of the continuous downtrend.

Moreover, it is heard that some medium and small foamers are dying soon in the battle of price competition started by big foamers. Therefore, very few downstream producers are willing to stock up.

Besides, the continuously dropping raw materials costs also allow distributors and spot traders to lower down prices. Market insiders generally feel TDI market would suffer further drop.

In Indonesia, one of the largest TDI markets in SE Asia, major suppliers offer at USD 2,130-2,150/ton in mid-Jan. while lower prices are heard for sources from one South Korea producer who is trying to gain market shares with competitive prices.

Polymeric MDI

Southeast Asia polymeric MDI market edges down in H1 of January with mainstream prices decreasing by around USD 20-50/ton compared to early Jan., according to local market sources.

Market supply is said to be ample but consumption of polymeric MDI in downstream sectors are decreasing due to weaker terminal demands. Mainstream prices are heard at USD 1,900-1,950/ton CIF SE Asia.

In Thailand, market price is reported at Baht 84,000/ton, down by 1,000/ton compared to Dec., 2014

In addition, the sharply dropping crude oil and benzene prices put more downward pressure on polymeric MDI industry. Meanwhile, the currency devaluation caused by fluctuating crude oil market also impacts the market to some extent.

India

TDI

India TDI market keeps declining during this period as the local TDI producer restarted its new TDI plant in

\$ 1=CNY 6.19 (Jan. 15)

\$ 1=INR 63.85 (Effective from
December 19, 2014)

Note:

1. TDI here refers to TDI-80 only.



Dahej by end of Dec., 2014 and operates it with 60% loads. The plant has a capacity of 50 kt per year and had been off-line since Jan., 2014 when phosgene gas leakage occurred.

Market inventory is ample, especially supply of domestic goods but terminal demands are becoming weaker. In early Jan., the local producer reduces price by INR 7/kg to settle at INR 135/kg to ease delivery pressure, which is too competitive for Japan or South Korea suppliers to follow. Prices of imports are scarcely heard with few quoted at around USD 2,100/ton CIF China but actual transactions might be lower.

In addition, toluene price continues dropping and market insiders generally feel bearish about market outlook.

Polymeric MDI

In India, polymeric MDI market slides down amid ample supply and weakening downstream demands. Mainstream prices are heard at USD 1,850/ton CIF India, down by USD 50/ton compared to early Jan., according to local market sources.

The new MDI splitter owned by BASF started operating in late Oct and the company is offering materials at INR 128,000/ton.

Spot prices

Table 1 SE Asia & India TDI Market Prices Comparison (USD/ton, drum and CIF)

Country	Jan. 15, 2014	Jan. 1, 2014	Change
Indonesia	2,130-2,150	2,170-2,190	-40, -40
Malaysia	2,100-2,100	2,150-2,200	-50, -100
Singapore	2,150	2,200	-50
Vietnam	2,150-2,150	2,160-2,200	-10, -50
India	2,100 134-135(INR/kg)	2,200 142-142(INR/kg)	-100 -8, -7
China	12,300-13,000	12,800-13,200	-500, -200

Note:

1. Market prices: prices largely heard in the market from distributors and traders to end-users;
2. China prices: east China (RMB/ton, Drum, delivery)

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Table 2 SE Asia & India Polymeric MDI Market Prices Comparison (USD/ton, drum and CIF)

Country	Jan. 15, 2014	Jan. 1, 2014	Change
Indonesia	1,900-1,950	1,950-1,950	-50, 0
Thailand	84,000	85,000	-1,000
Malaysia	1,900	1,900	n/c
Vietnam	1,900-1,930	1,900-1,950	0, -20
India	1,850	1,900	-50
China	12,500-13,500	13,200-14,000	-700, -500

Note:

1. Market prices: prices largely heard in the market from distributors and traders to end-users;
2. China prices : east China (RMB/ton, Drum, delivery)
3. Thailand prices are offered at Baht/ton;
4. "n/c" refers to No Change;

Raw Materials Analysis

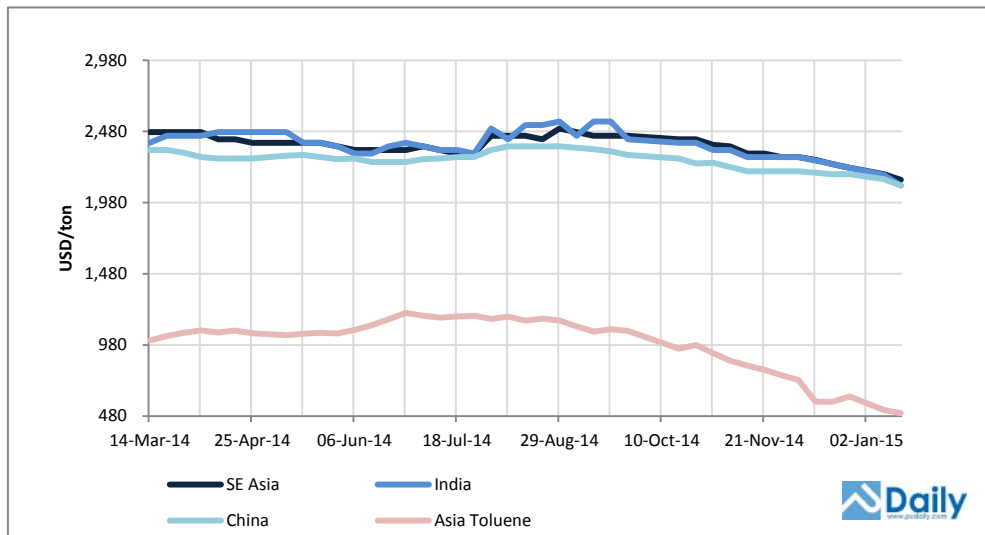
Toluene

Asia toluene market price keeps falling down in the first half of January, with price sharply dropping by around USD 100/ton to settle at around USD 500-501/ton FOB Korea.

Benzene

Asia benzene market moves down all the way from Jan. 1 to Jan. 15 and mainstream prices decrease to around USD 579/ton FOB Korea, down by USD 95/ton compared to early Jan. The downtrend is mainly due to sluggish crude oil industry that has kept dropping despite small rebound in mid-Jan.

Figure 1 SE Asia, India and China TDI Price Trend & Asia Toluene Trend



Note:

1. SE Asia price: average TDI spot price, CIF SE Asia;
2. India price: average TDI spot price, CIF India;
3. China price: TDI spot price in HK, CIF;
4. Asia Toluene Price: FOB Korea;

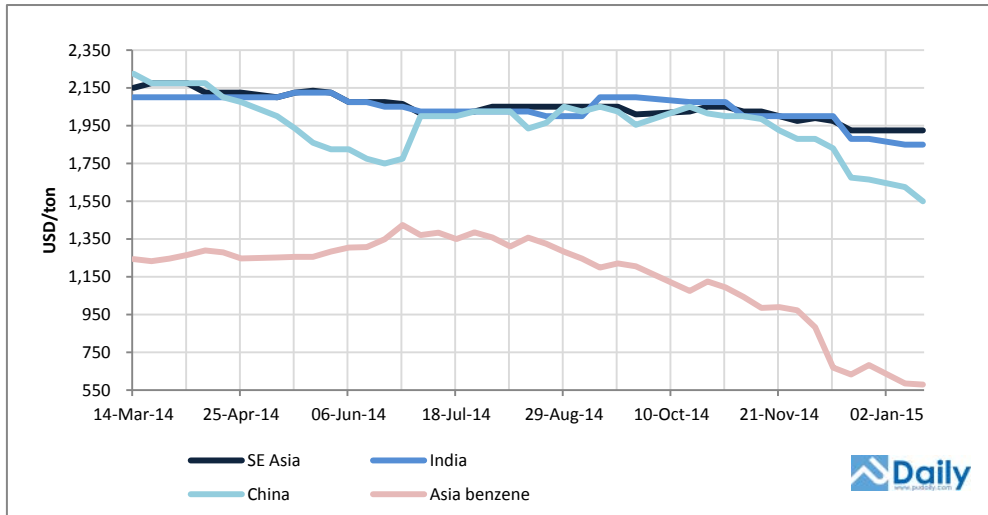
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Figure 2 SE Asia, India and China Polymeric MDI Price Trend & Asia Benzene Trend



Note:

1. SE Asia price: average polymeric MDI spot price, CIF SE Asia;
2. India price: average polymeric MDI spot price, CIF India;
3. China price: drum, CIF China;
4. Asia Benzene Price: FOB Korea;

Main Suppliers' Offers

Table 3 Main Suppliers' Offers for Isocyanates in SE Asia (USD/ton, drum, CIF)

Supplier	Japan	South Korea	China
TDI	2,150	2,100-2,150	--
Polymeric MDI	1,950	1,950	--

Note:

1. All prices are for Jan. shipments
2. "--" means prices unheard;

Table 4 Main Suppliers' Offers for Isocyanates in India (USD/ton, drum, CIF; INR/kg)

Supplier	Japan	South Korea	Local/INR/kg
TDI	2,100	2,100	135
Polymeric MDI	1,850	1,850	128

Note:

1. All prices are for Jan. shipments
2. Local supplier TDI price: GNFC's offer (ex-work, drum);
3. Local supplier polymeric MDI price: BASF's offer (ex-work, drum)

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Imports and Exports Analysis

Table 5 SE Asia & India TDI Imports from Jan. to Oct., 2014 (Unit/Tons)

Country	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
Indonesia	3,370	3,844	4,181	4,666	3,148	3,094	1,870	3,325	3,275	6,137	36,910
Thailand	748	1,195	1,300	1,127	1,357	1,146	929	1,385	1,637	1,531	12,355
Singapore	200	41	260	199	120	100	176	81	220	131	1,528

Note:

1. Source from countries' trade institutions

Table 6 SE Asia & India Polymeric MDI Imports from Jan. to Oct., 2014 (Unit/Tons)

Country	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total
Indonesia	1,421	1,775	1,198	1,367	1,205	1,496	1,616	1,702	1,159	1,821	14,760
Thailand	381	260	278	407	496	377	546	202	530	510	3,987
Singapore	2,291	2,156	2,759	2,877	2,411	2,402	2,148	2,566	2,018	2,486	24,114

Market Outlook

TDI

Southeast Asia TDI market is expected to continue moving down in the second half of Jan. considering that most TDI facilities in Asia are running regularly and market supply would be ample while downstream demands see no improvement. Some distributors think that market price may suffer further drop as the price of crude oil hasn't found the bottom yet.

In **India**, TDI market is likely to drop since the new TDI plant of local supplier is going to supply more materials in the market and prices of imports would be dragged down accordingly.

Polymeric MDI

The polymeric MDI market in **Southeast Asia** and **India** may dip slightly since raw materials costs tend to keep dropping, allowing MDI producers and distributors to be able to cut prices by small range. Besides, as the MDI facilities in Ningbo, China have resumed operation in H1 of Jan., exports from China is likely to increase.

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