

China TDI Weekly Report

Version: 201502 (Jan. 05, 2015-Jan. 09, 2015)



Weekly Market Analyses

(1\$=CNY 6.19)

Weekly Market Overview

China TDI market moves down slowly in this week with some market quotations decreasing by RMB 200-400/ton compared to last week. New sources gradually arrive in port and spot traders focus on making deliveries.

Compared with east and south China, market drops faster in north China since some sources from the TDI producer in Cangzhou, Hebei province that should have been delivered to east China are being sold in north China and Shandong province, giving rise to serious price competition.

Regarding HK spot market, it keeps falling down under the overall downward pressure. According to local traders, buyers are very inactive and rigid demands are limited. Some new sources have arrived in port. Market quotations are heard at around USD 2,140-2,150/ton CIF China but with very few transactions.

Spot prices

Table 1 China-made & Shanghai Stocks Regional Spot Prices Comparison on Friday (RMB/ton, DEL)

Region	Shanghai Sources	China-made Sources
E-China	12,800-13,100	12,500-12,700
S-China *	12,500-12,700	12,000-12,200
N-China	13,000-13,200	12,400-12,600

Note:

1. China-made TDI refers to TDI produced by Chinese local manufacturers; Shanghai stock refers to TDI produced by BASF, BMS located in Shanghai;
2. S-China: In general, INVOICE excluded price multiplying (1+2.5%) equals to invoice included price.

Table 2 Weekly TDI Regional Prices Comparison in Mainland and HK (RMB/ton, DEL)

Region	This Week	Last Week	Change
E-China	12,500-13,200	12,800-13,200	-300, 0
S-China *	12,000-12,700	12,200-12,900	-200, -200
N-China	12,400-13,200	12,800-13,500	-400, -300
HK (USD/ton, CIF China)	2,140-2,150	2,180-2,180	-40, -30

Note:

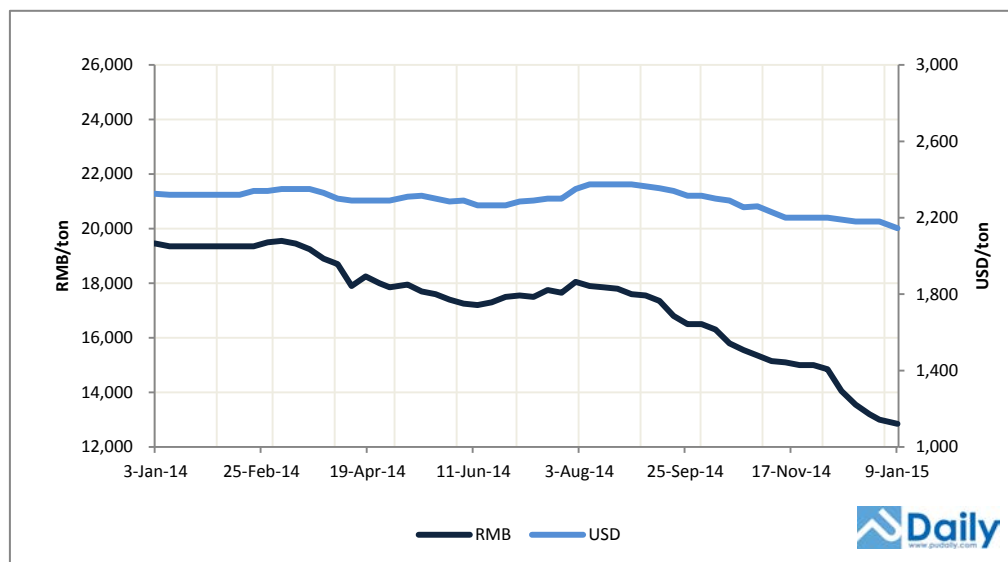
1. S-China: In general, INVOICE excluded price multiplying (1+2.5%) equals to invoice included price;
2. RMB Cost = USD CIF price*(1+17%)*(1+6.5%)*(1+Anti-dumping Rate) * Exchange Rate + Import Port Charge (Only available for calculating the costs of China TDI imports. 17%: VAT rate; 6.5%: import duty rate; anti-dumping rate depends on origins).

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Graph 1 TDI Weekly Price Trend in China from 2014 to 2015



Note:
 1. RMB Price: E-China/ drum;
 2. USD Price: Spot price

Table 3 Quotes from Domestic Suppliers to Their Distributors (RMB/ton; Drum, DEL)

Producer	Capacity/ktpa	Jan. List Price	Dec. List Price	Dec. Settlement Price
Bayer MaterialScience (China)	250	--	17,000	--
Shanghai BASF Polyurethane	160	14,500	16,500	14,000
Cangzhou Dahua Group	150	13,800	16,000	13,600
CNGC Gansu Yinguang Chemical	100	13,800	16,500	13,800
Yantai Juli Isocyanate	80	14,500	16,500	13,600
Fujian Southeast Electrochemical	100	14,000	16,000	13,600

Note:
 1. "--" refers to prices not yet heard;

Table 4 Quotes from Asian Suppliers (Contract Price, USD/ton; CIF CMP/Drum)

Supplier	Origin	Jan. Contract Price	Dec. Contract Price	Dec. Settlement Price
BASF (Korea) Co., Ltd.	S. Korea	2,250	2,300	2,200
Mitsui Chemicals Inc.	Japan	--	--	--

Note:
 1. "--" refers to prices not yet heard.
 2. RMB Cost =USD CIF price*(1+17%)*(1+6.5%)*(1+Anti-dumping Rate) * Exchange Rate +Import Port Charge (Only available for calculating the costs of China TDI imports. 17%: VAT rate; 6.5%: import duty rate; anti-dumping rate depends on origins).

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Asia TDI Facilities Dynamics

Producer	Location	Capacity (Ktpa)	Production Note
Bayer MaterialScience (China) Co., Ltd.	Shanghai, China	250	Restarted on around Dec. 30 after finishing maintenance; now running with 60% loads
Shanghai BASF Polyurethane Co., Ltd.	Shanghai, China	160	100% loads
Cangzhou Dahua Group Co., Ltd.	Hebei, China	150	90% loads
Gansu Yinguang Chemical Industry Group Co., Ltd.	Gansu, China	100	80% loads
Liaoning Beifang Jinhua Polyurethane Co., Ltd.	Liaoning, China	50	100% loads
Yantai Juli Isocyanate Co., Ltd.	Shandong, China	80	80% loads
Total capacity in China			890
Mitsui Chemicals Inc.	Kashima, Japan	120	Regularly
Mitsui Chemicals Inc.	Omuta, Japan	128	Regularly
BASF Urethane Co., Ltd.	Yeosu, South Korea	160	Regularly
Hanwha Chemical (KPX Fine Chemical)	Yeosu, South Korea	150	Two lines run with 100% loads. The rest one line is off-line
OCI Company Ltd.	Kunsan, South Korea	50	Regularly
Gujarat Narmada Valley Fertilizer Company Limited	Dahej, India	17	Regularly
Gujarat Narmada Valley Fertilizer Company Limited	Dahej, India	50	Restart delayed with no more info. available
Total capacity in Asia			1,565

Analyses of Upstream Feedstocks

Crude Oil

Table 5 Weekly Crude Oil Price (\$/bbl)

Grade	This Week	Last Week	Change
NYMEX WTI	48.79	54.12	-5.33
ICE Brent	50.96	57.90	-6.94
OPEC	44.85	54.44	-9.59

Note: all prices for future stocks

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Graph 2 WTI Crude Oil Price Trend from 2014 to 2015



Toluene

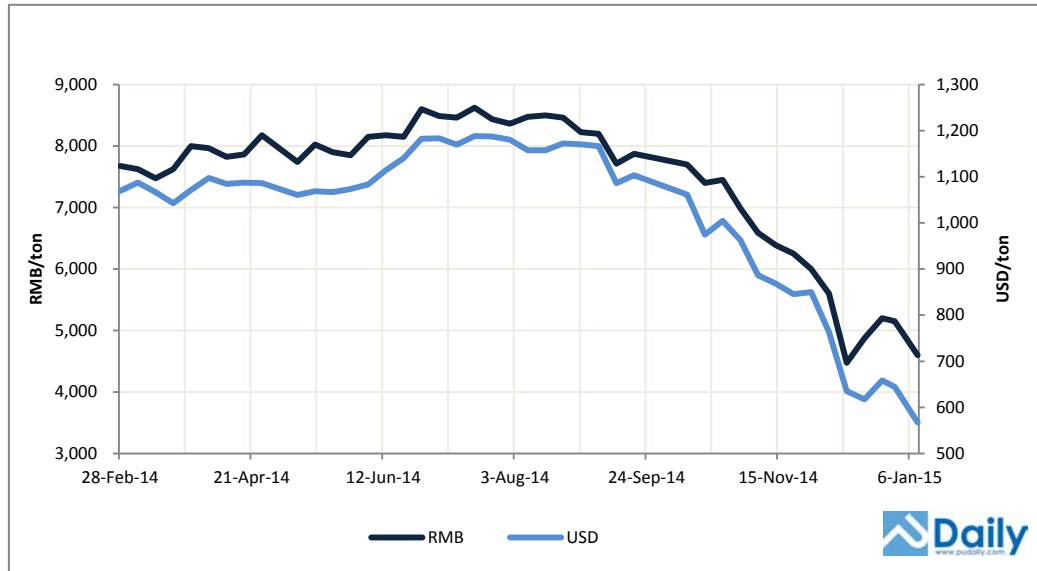
China toluene market drops down obviously in this week with mainstream price losing by around RMB 400-600/ton, mainly affected by declining crude oil market. Market insiders generally hold a wait stance as to market outlook.

Table 6 Weekly Toluene Pricing Comparison (RMB/ton; USD/ton/CFR China)

Region/Grade	This Week	Last Week	Change
E-China	4,600	5,150	-550
S-China	4,900	5,500	-600
Imports (USD/ton CFR China)	567-568	644-645	-77, -77

Note:
1. n/c refers to "No Change"

Graph 3 China and Asia Toluene Price Trend from 2014 to 2015



Note:
 1. RMB Price: based in E-China;
 2. USD Price: CFR China

Imports and Exports Analysis

China TDI imports in Nov. 2014 under the HS code of 29291010 were 2,700 tons, dropping by 27.35% on a year on year basis while increasing by 14.98% on a month on month basis. Total imports added up to 33,318 tons from Jan. to Nov., 2014, down by 40.18% on a year on year basis, according to PUdaily im&export data.

Exports in Nov. were 5,568 tons, posting a sharp increase of 189.48% compared with the same period in 2013 and a sharp drop of 51.77% on a month on month basis. From Jan. to Nov., 2014, exports totaled to 68,577 tons, slightly increasing by 3.46% on a year on year basis.

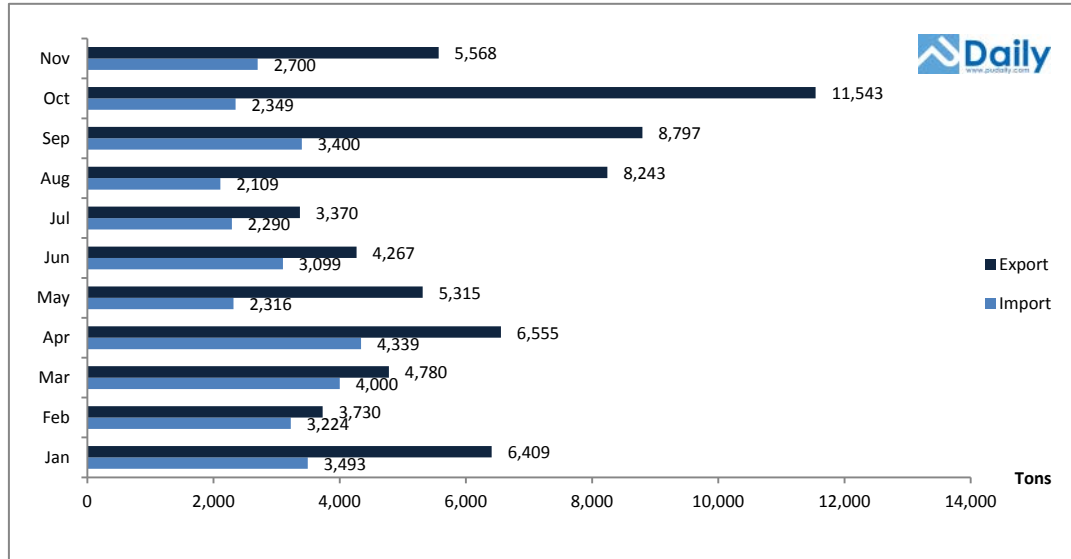
The leading origins in Nov. were South Korea (1,490 tons) and Japan (956 tons) while main destinations were South Africa (1,000 tons), India (820 tons) and Pakistan (549 tons).

The major exporters were Bayer MaterialScience (4,832 tons) and BASF (580 tons), accounting for around 86.78% and 10.42% respectively.

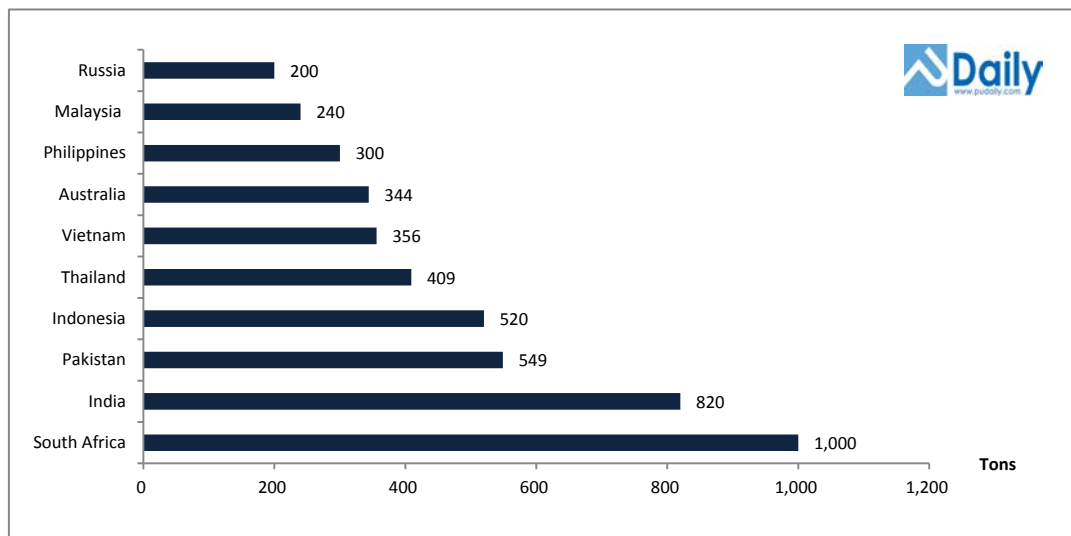
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Graph 4 China TDI Im & Export Data from Jan. to Nov., 2014 (Unit/Tons)



Graph 5 China TDI Main Export Destinations in Nov., 2014 (Unit/Tons)



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Table 7 South Korea TDI Export Flow from Jan. to Nov., 2014 (Unit/Tons)

Destination	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Jan-Nov Total
China	1,503	748	1,299	758	688	1,337	439	589	561	910	685	9,517
HK	1,180	880	1,060	920	1,420	420	1,460	1,060	1,000	1,260	1,100	11,760
Japan	103	70	20	84	70	100	60	20	40	40	42	649
Taiwan	180	1,061	950	180	794	580	1,052	100	790	790	0	6,477
Indonesia	1,080	1,327	1,480	1,075	1,228	793	950	1,153	1,364	1,637	1,253	13,340
India	1,820	1,560	2,520	1,920	880	660	1,400	1,100	1,540	1,280	940	15,620
Others	12,339	15,594	11,430	11,133	7,810	10,007	10,503	11,594	13,381	19,025	17,608	140,424
Month Total	18,205	21,240	18,759	16,070	12,890	13,897	15,864	15,616	18,676	24,942	21,628	197,787
Growth Rate Year on Year	-14.85%	0.04%	22.50%	-10.04%	-21.42%	-30.43%	-15.11%	-34.05%	-3.27%	17.55%	48.08%	-5.66%

Table 8 Japan TDI Export Flow from Jan. to Nov., 2014 (Unit/Tons)

Destination	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Jan-Nov Total
China	720	2,230	301	1,580	551	340	800	721	1,181	740	1,556	720
HK	2,280	2,640	1,840	1,160	1,680	820	1,360	1,460	1,420	1,280	1,100	2,280
Taiwan	184	996	853	1,507	1,043	191	1,570	120	1,190	1,271	642	184
South Korea	398	345	405	389	446	397	285	555	397	261	319	398
Indonesia	2,288	2,387	2,958	1,737	1,617	1,629	985	1,420	3,500	2,984	1,396	2,288
India	680	1,960	1,800	2,020	800	600	720	1,600	1,500	1,420	420	680
Month Total	13,898	17,398	16,121	15,226	10,861	8,003	10,696	15,350	19,014	16,794	12,002	13,898
Growth Rate Year on Year	35.13%	36.55%	11.47%	4.75%	35.80%	-17.85%	12.76%	-17.21%	0.17%	-1.76%	-2.83%	35.13%

Market Outlook

China TDI market is expected to keep dropping slowly in next week considering that the largest TDI producer in Shanghai has been back online and market supply would be ample.

As downstream demands keep weakening, spot traders tend to adjust prices along with market changes in order to keep regular shipment.

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