

## HIGHLIGHTS

### Feedstocks

- Crude and naphtha prices retreat on the week
- European caustic soda prices exceed those of PVC

### US

- Export prices steady for now
- Domestic demand continues to weaken

### Latin America

- Lower freight makes Asian PVC competitive
- Demand remains weak in WCSA

### Europe

- EU producers offer more aggressive contract prices
- Vinyl inventories remain within ample levels

### Turkey

- Domestic demand remains low

### Egypt

- Imports remain backlogged

### China

- Sentiment remains bearish

### India

- Buyers await new offers from Taiwan

## MARKET PRICES

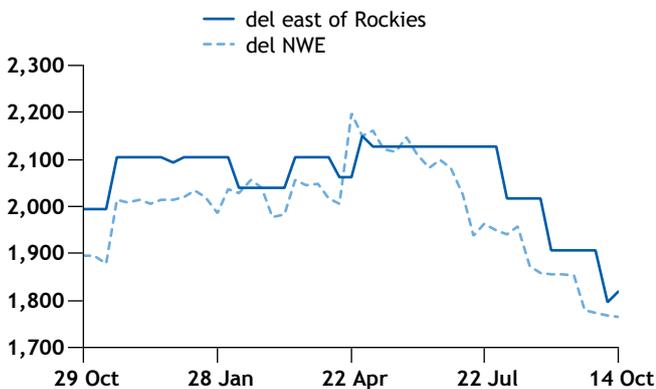
Contract prices				\$/t
	Timing	Contract marker		Argus Δ
US				
PVC pipe del east of Rockies	Sep	1819	▼	-88.00
Europe				
PVC pipe del NWE	Sep	1764	▼	-5.00
PVC pipe del southern Europe	Sep	1808	▼	-5.00
PVC pipe del central and eastern Europe	Sep	1764	▼	-5.00
PVC paste del NWE	Sep	1876	▼	-6.00

The Argus Δ (delta) is the assessed change in price from the previous month

Spot prices				\$/t
Product and basis	Price		Weekly ±	
US				
PVC pipe fas Houston bagged	722-750	-		0.00
Latin America				
PVC pipe cfr Brazil	915	▲		+55.00
PVC pipe cfr WCSA	860	▼		-30.00
Europe				
PVC pipe import price cif Europe	1047.5	▼		-3.50
Turkey				
PVC k67 west Europe origin cfr Turkey	1050-1080	▼		-20.00
Egypt				
PVC pipe cfr Egypt	940-960	-		0.00
Asia-Pacific				
PVC pipe ex-works China import parity	728-769	▲		+1.11
PVC pipe fob China (carbide-based)	800-825	▲		+32.50
PVC pipe cfr China	780-800	▲		+10.00
PVC pipe India cfr	850-870	▼		-10.00

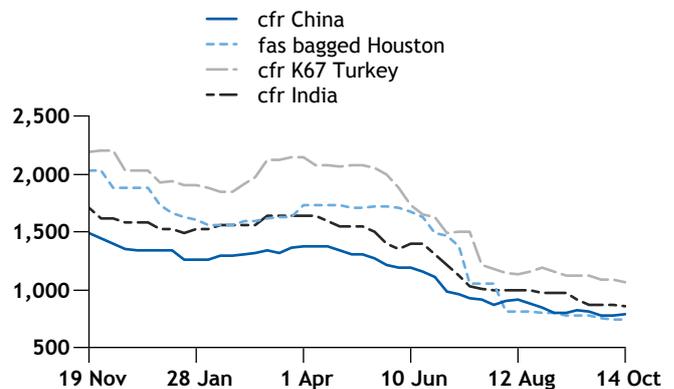
Global PVC contract prices

\$/t

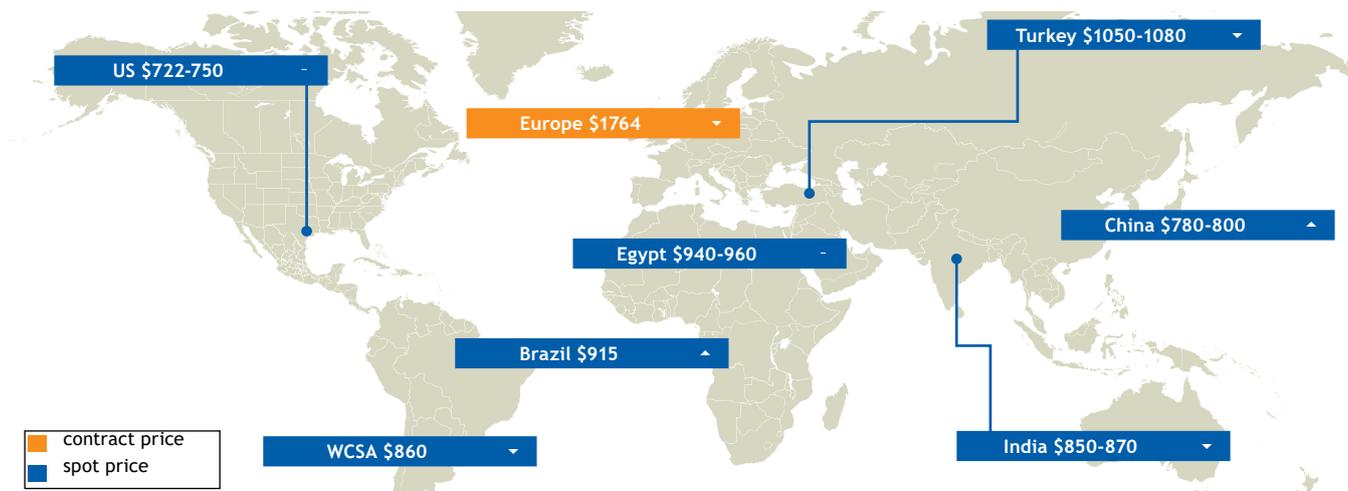


Global PVC spot prices

\$/t



## GLOBAL SNAPSHOT



## OIL FEEDSTOCKS

### Crude oil

Crude prices ended the week lower as trading firms focused their attention on the supply-demand balance for the coming months, while Opec made a substantial cut to its global oil demand growth forecast for both this year and 2023 in response to a deteriorating economic outlook.

### Naphtha

In the US, prompt naphtha values had mostly tracked the downtrend observed in the upstream crude markets, falling to \$668.64/t on Thursday 13 October on the back of a closed arbitrage out of the US, weak demand from the gasoline blending sector and an overall bearish energy complex.

European naphtha prices lost some momentum during the week, as rising Covid-19 cases in China supported market beliefs that the country will re-instate its dynamic zero Covid policy. The average naphtha price for October was pegged at €697.61/t on Thursday 13 October, €65.61/t higher than the September average.

Asia-Pacific naphtha margins continued to trade at a discount on rare supplies from India. State-controlled refiner IOC offered 84,000-95,000t of naphtha from Kandla and Dahej against a turnaround at its Panipat cracker. Naphtha prices fell to \$670.50/t, down by \$27.75/t compared with the start of the week.

### Ethylene

US spot prices for EPC ethylene fell slightly on 13 October from previous days. October EPC ethylene traded at 21.5¢/lb and three times at 21.25¢/lb for a midpoint of 21.375¢/lb. November EPC ethylene was assessed at parity to October

Crude				\$/bl
	Effective date	Price		Weekly ±
Ice Brent	13 Oct	94.57	▼	-3.35
Nymex WTI	13 Oct	89.11	▼	-3.53
Naphtha				\$/t
70 min paraffin USGC waterborne del	13 Oct	668.64	▼	-31.35
65 para NWE cif	13 Oct	671.00	▼	-29.50
Japan c+f	14 Oct	670.50	▼	-25.75
Ethylene				
	Basis	Effective date	Price	±
del USGC	¢/lb	Sep 5 Oct	37.25	▼ -2.75
del Europe	€/t	Oct 30 Sep	1,260.00	▼ -45.00
cfr NE Asia	\$/t spot	12 Oct	845.00	▼ -30.00

Effective date is the date of last assessment. Change is compared with the previous assessment.

after no November discussions emerged.

Ethylene demand in Europe is poor, the whole supply chain is attempting to destock and as a consequence cracker operating rates are heavily reduced. Three crackers are currently on planned maintenance, one is shut down in France following a fire in early August, two others are shut because of strike action, and a third reduced because of upstream feedstock issues. In the UK, one cracker is heavily reduced and another has been off line since late 2020 as it makes major investments. The demand picture is generally bearish but some sectors are better, there is steady demand for food packaging and the car sector is stable albeit at a level well below historic peaks.

Asia-Pacific ethylene prices fell for a fourth consecutive

## OIL FEEDSTOCKS

week as US cargoes were traded at lower prices. A deal for an end-November arrival US cargo of 11,500t was fixed at \$820/t cfr Taiwan this week, down by \$30.t from previous trades. Buying ideas for November-December arrival cargoes were in a range of \$800-850.t cfr China against selling ideas in a mid-to-high \$800/t cfr northeast Asia. Total tonnages from US at Asia arrived at 79,500t for first-half October loading.

Global naphtha prices

\$/t



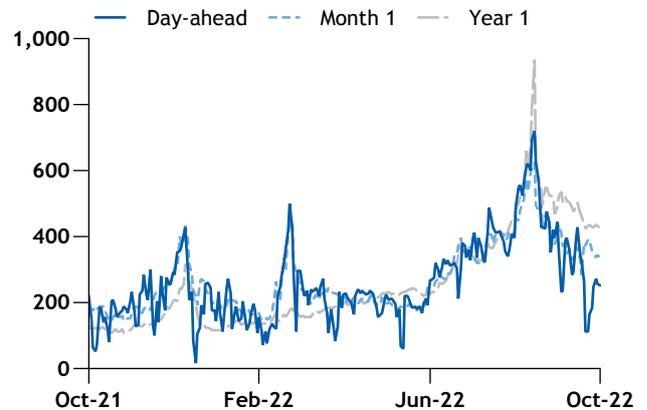
## GAS, ELECTRICITY AND COAL

■ EU energy ministers met in Prague this week to discuss the potential for decoupling gas from power prices or introducing a wholesale gas price cap in the region, with talks expected to continue next week.

■ Chinese domestic and import coal prices rose slightly during the week-long National Day holiday, with fresh outbreaks of Covid-19 in key producing regions again curbing coal supplies. Expectations of colder-than-normal weather in the region also contributed to more upbeat sentiment.

Europe electricity prices

€/MWh



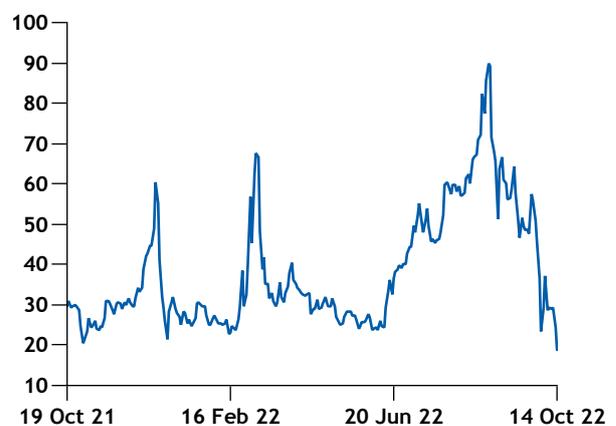
China coal prices

\$/t



US gas prices

\$/mnBtu



## CHLOR-ALKALI AND DERIVATIVES

### Americas

Logistical concerns increased this week with one of the railroad labour unions rejecting the latest contract. Although both sides have committed to continuing negotiations, this has raised concerns that the union may call another strike by 18 November. The chlorine market is still recovering from a three-day embargo on chlorine rail cars last month, arising from strike preparations. With caustic soda prices reaching \$1,000/dmt fob US Gulf coast, producers have become more accepting of lower EDC prices as one parcel closed in the last week at \$170/t fob US Gulf coast. Some believe that if caustic soda prices continue to rise, EDC pricing may fall below \$50/t, which was the low set at the height of the pandemic lockdown in early 2020. Monthly and quarterly contract negotiations are well on their way this month. Buyers are indicating a wide variety of settlements compared with the announced price increases. Chlorine prices have been noted up to \$80/short ton higher, with a limited number of settlements at lower prices. Caustic soda prices appear to be moving up to \$100 higher depending on September prices. With slowing chlorine offtake into isocyanates and refrigerants, by-product HCl is in limited supply and buyers seem to be more accepting of the announced price increases.

### Europe

Northwest European producers are firm with their price increase targets, and fourth-quarter or October business continues to be concluded in the low to mid-€2,000s/dmt fd. The tight supply, strict allocation by producers, virtually non-existent spot availability and unfavourable pricing conditions in the vinyls market mean that customers have no alternative supply options and have to accept these prices if they want to secure adequate volumes. Many are doing this, as they plan to keep their plants running reasonably well despite difficulties in fully passing on the raw material cost increases for their end products. Although caustic soda demand remains vulnerable to the escalating prices, there is nothing to suggest that its decline is accelerating and even close to catching up with the recent drop in chlorine consumption. Extreme price volatility and uncertainty are prompting players at all tiers of the supply chain to rethink their price finding approach. In particular, some are considering moving away from quarterly negotiations indefinitely and committing to monthly prices instead. Argus will continue reporting quarterly prices and is considering introducing monthly caustic soda prices for some key markets.

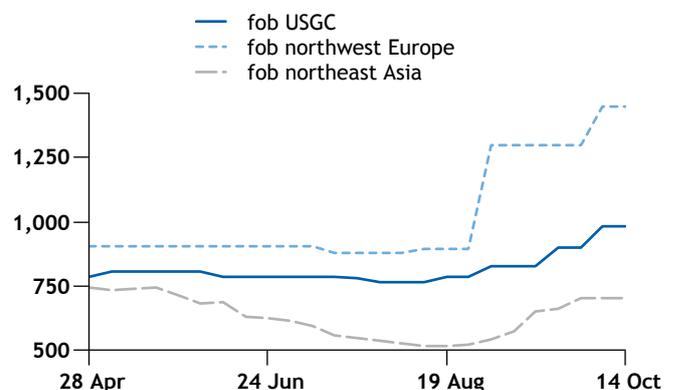
Caustic soda				
	Effective date	Price		±
fob USGC contract \$/dst	Sep 22	1,050.00	▲	+35.00
fd NWE contract €/dmt	Q3-2022	1,223.00	-	0.00
fob NE Asia export \$/dmt	Week 41	703.00	-	0.00
Ethylene dichloride (EDC)				\$/t
fob USGC export	Sep 22	310.00	▼	-65.00
cfr Asia import	Sep 22	308.00	▼	-32.00

*Effective date is the date of last assessment. Change is compared with the previous assessment.*

### Asia-Pacific

Caustic soda markets remained muted this week, although business activities have resumed after the 1-7 October National Day holiday. Traders became increasingly cautious and unwilling to commit to higher fob prices despite the arbitrage export window to Europe remaining wide open, as the market begun to experience rising resistance to price hikes. Increased arrivals of imports from Asia continued to depress cfr prices, although higher domestic delivered prices in Europe emerged. Close to 90,000 dmt/month of Asian cargoes from Northeast Asia, India and Middle East have likely entered European ports since September. Similar volumes are likely to enter European ports in November too. Furthermore, most scheduled maintenance in northeast Asia will be completed by end-November, allowing more cargoes to be offloaded into export markets. The market is likely to see some downward pressure in the near term due to increased availability.

Global caustic soda export prices \$/dmt



## PVC PRICING ANALYSIS

### US

The US polyvinyl chloride (PVC) market is likely to see a decrease for the month of September, but opinions differ as to just where contracts should settle. One producer this week believed the market was more likely to settle down 4¢/lb, while a buyer said they had been hearing more support for a 5¢/lb decrease among fellow downstream participants. The export market remains between \$720/t-\$750/t fas Houston this week.

The domestic market continues to weaken as a buyer this week said it was looking to slow down production in the coming weeks to try and match end of year inventory marks that had been adjusted down from earlier in the year. The buyer said that even as the housing market continued to struggle in terms of new construction, repair and remodel work was also somewhat weak.

These developments have been driven by a combination of stubbornly high inflation and ever-increasing interest rates, pushed higher in the hopes of taming inflation. Together, those factors are dampening demand for all segments within the housing market. One producer said this week that as the US enters the seasonally low-demand time of year, with a further rising in interest rates still expected, producers would likely continue to favor a shift to the export market to make up the difference.

A second producer agreed, saying a combination of higher exports and operational slow downs was the company’s strategy. Lower production hasn’t necessarily been a strategy shared by other producers, but most are trying to strike a proper supply/demand balance that the export market has been able to satisfy thus far.

New data from the American Chemistry Council (ACC) corroborates much of the market perspective. Total sales fell 6pc in September to 1.34bn lb, or roughly 608,737t, ac-

US polyvinyl chloride contracts				¢/lb
	Timing	Argus Δ	Contract marker	Low / High ±
PVC pipe del east of Rockies	Sep	-4.00	82.5	-5.0/-4.0

The Argus Δ (delta) is the assessed change in price from the previous month

US polyvinyl chloride spot exports				¢/lb
Product and basis	Price		±	
PVC pipe fas/Houston bagged	33-34	-	0.0	

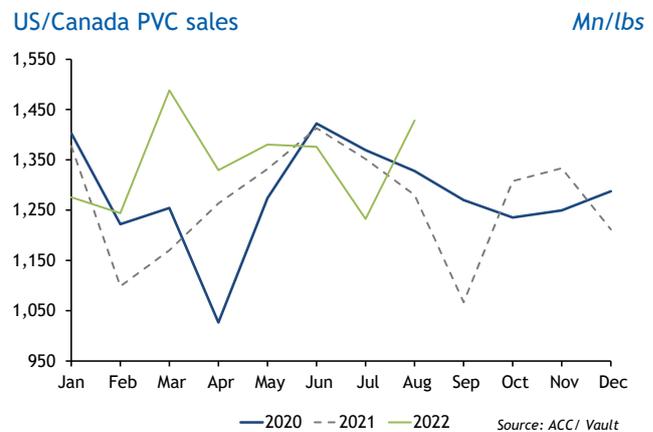
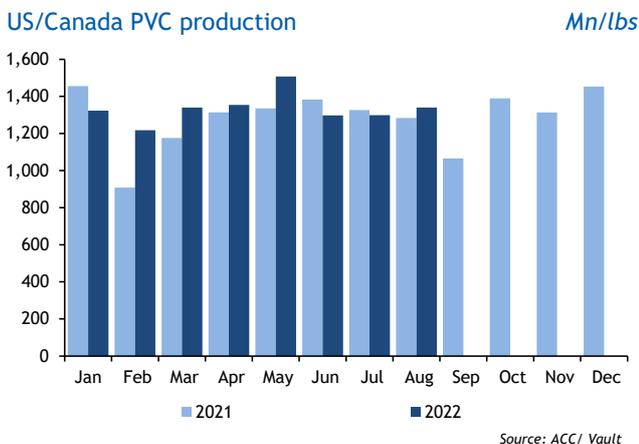
ording to the ACC’s Plastics Industry Producers’ Statistics Group as compiled by Vault Consulting.

Exports increased for the second straight month, rising 0.8pc in September to 463.7mn lb, or roughly 210,309t. Exports accounted for 35pc of all sales in September, the highest ratio since May 2020. Domestic sales fell for the fourth-straight month, dropping 9.3pc from August to September to 878.4mn lbs, or roughly 398,428t.

Production increased for the third straight month, reaching 1.38bn lb in September, or roughly 626,522t. That’s a 3.1pc increase from August, with capacity utilization reaching a four-month high of 91.6pc. With production surpassing sales once again, producers added roughly 39.2mn lb, or 17,785t, to inventories as days of supply rose to just over 16 days.

Formosa has planned maintenance scheduled to begin at the end of October and run through the early part of November for their Baton Rouge, Louisiana plant. No other major maintenance has been announced by producers at this time.

Pricing for US domestic contracts remains a sticking point as the market trends negatively. Producers have been trying to stave off steeper price decreases, arguing that certain elements like the export/import prices have less of an impact than has been argued in the past.



## PVC PRICING ANALYSIS

Some market participants have argued that low US export prices should bring PVC prices down domestically. In reality, the current low export prices have been driven more by poor domestic demand, leading US producers to move material offshore at more competitive prices as a consolation. This would then mean domestic dynamics are influencing the export price, and not the other way around.

Additionally, imports make up very little domestic consumption, with one producer saying the lack of many small buyers of PVC makes marginal import volumes immaterial in swinging market trends in the US.

Nevertheless, it still leaves producers facing the reality that domestic demand is weak enough to drive prices lower for US exports and leave buyers resisting imported material, giving buyers room to argue for discounts all the same.

The possibility of a rail strike in the US has reemerged recently with one rail union rejecting the deal the Biden Administration had helped to broker. Multiple producers this week said they had little concern about a long-running strike, with the actual potential first day not coming until mid-November.

The export market remains between \$720/t-\$750/t for Houston this week, as activity has continued to spread around the globe from US ports. One producer this week said its priority was Europe and India, where netbacks were better compared to East Asia. Another producer said it was simply pursuing the best possible price, but that India was not factoring into their pursuits at the time.

Europe remains of high interest to many in the market, but while high energy costs are creating supply shortages on the continent, it's also creating weaker demand that one producer said was practically offsetting the supply needs.

### Latin America

Prices of polyvinyl chloride (PVC) were mixed this week for the markets of Brazil and the west coast South America (WCSA), as demand behaved differently in each region.

US origin pipe-grade PVC spot prices were assessed this week at \$900-930/t cfr for Brazil, and \$850-870/t cfr for the west coast South America (WCSA), up \$55/t for the former but \$30/t lower for the latter, when compared to assessed prices last week.

In Brazil, Argus heard contracts closed for several small cargoes of PVC during the week. Local demand, which has been sluggish in the last couple of months has the additional pressure of the upcoming elections to be held on 30 October. With the country polarized between the two candidates running for president, markets are in a wait and see attitude.

Latin America polyvinyl chloride markets			\$/t
Product and basis	Price		±
PVC pipe cfr Brazil	915	▲	+55.00
PVC pipe cfr West Coast South America	860	▼	-30.00

tude.

In the WCSA, demand remains poor and no notable movement was seen during the week. Chinese PVC offers were heard at \$990-1030/t. However, on the freight front, Argus heard Chinese freight prices approaching pre-pandemic levels for the first time for the region. This, coupled with lower Chinese PVC prices, is expected to bring additional competitiveness to resin from that origin.

In Argentina, another round of regulations aimed at securing US dollar reserves in the local central bank is bringing additional headaches for chemicals importers.

The country's finance ministry will start next week a new mechanism for regulating imports. The government's new initiative, better known as Argentinean Republic import system (SIRA), will replace the comprehensive import monitoring system (SIMI).

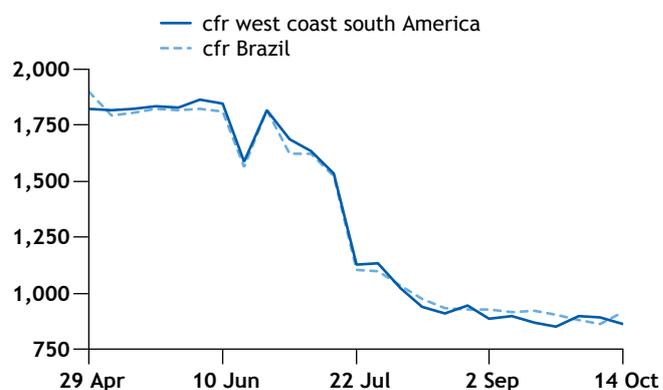
Argentina's goal is to know in real time the amount of imported products and services, the type of goods and the flow of dollars to the country.

Until next Monday all trade of imports to Argentina will be paralyzed until the new regulations come into effect. Argus heard that the import of plastic resins would not be directly affected, but that the additional bureaucracy is something to be taken into account.

In the meantime, PVC demand in Argentina is still supported by the local construction sector. Prices for imported resin from the US were heard at the \$920-930/t range, while those from China origin product are between \$1,050-1,060/t. The local producer has prices at \$1,050-1,100/t, as a com-

Latin America S-PVC prices

\$/t



## PVC PRICING ANALYSIS

parison.

### Europe

October polyvinyl chloride (PVC) negotiations are beginning to gain momentum in Europe, with another round of price decreases set to be concluded across different grades and customer locations as a currently damp demand outlook, volatile energy prices and good import availability continue to lead discussions.

Supply length is clearly evident across Europe, with most focusing solely on destocking efforts across the value chain. Producers are wrestling against a combination of more competitively priced import material, higher energy input costs and lower volume offtake from their customers, with most reducing operating rates just enough to compensate for losses on vinyls with higher returns on caustic soda. Buyers are equally challenged by a combination of high raw material costs and the volatility in the energy crisis, with most aiming to either destock previously accumulated inventories or substitute a proportion of their contractual volumes with cheaper import material. Customers further downstream are also looking to manage high inventories of finished products, with flooring and other niche construction segments affected most by the arrival of finished-product imports such as luxury vinyl tiles from Asia and Turkey.

The northwest European balance perfectly reflects the direction and development of October contract negotiations. Inventories of EDC, VCM, s-PVC and e-PVC remain ample among producers and there is an incentive to maintain operating rates on vinyls at current levels in order for producers to benefit from higher domestic caustic soda prices. Sporadic issues on VCM production lines in Wilhelmshaven, Germany, and PVC production in Aycliffe, UK, are doing little to sway the balance, alongside a Europe-wide force majeure

Europe polyvinyl chloride contracts				€/t
	Timing	Argus Δ	Contract marker	Low / High ±
PVC pipe del NWE	Sep	-40	1810	-75/0

PVC pipe del southern Europe	Sep	-40	1855	-60/20
PVC pipe del central and eastern Europe	Sep	-60	1810	-100/-50
PVC paste del NWE	Sep	-40	1925	-90/0

The Argus Δ (delta) is the assessed change in price from the previous month

Europe polyvinyl chloride import prices				€/t
Product and basis	Price			±
PVC pipe import price cif Europe	1075	-		0.0

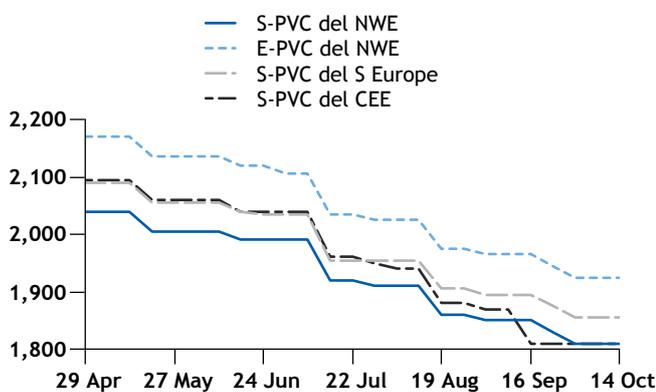
on PVC deliveries by one producer that remains in place. Deliveries to buyers are not affected at present, with most quoting more aggressive offers from producers on domestic contracts in an attempt to offload excess volumes.

Southern Europe is equally lengthy in supply and inventory stocks. Italy remains the most exposed to import offers from the US and Egypt, but it appears that certain cargoes from the US have either arrived or are expected to arrive later in the fourth quarter across western Europe. One France-based producer will be conducting planned maintenance at its PVC production lines in Balan this month, while also preparing for a longer maintenance schedule on VCM in Lavera between October and November. A Spain-based producer has bypassed earlier issues on VCM production caused by flooding in the region, with s-PVC deliveries remaining mostly unaffected during and after the incident.

Producers are taking different approaches to October negotiations, depending on the customer size, location and grade discussed. In northwest and southern Europe, one announcement of €20-25/t price decreases by a Netherlands and Portugal-based producer is setting minimum magnitude and price rollovers communicated earlier this month by others are failing to gain much traction across regions. Other producers are willing to concede towards slightly higher decreases of minus €45/t on s-PVC accounts and slightly greater decreases on e-PVC - depending on price starting position. There is also some evidence of producers looking to remain competitive against imported material by offering some contractual volumes at much lower outright price levels. Buyers have quoted price ranges of €1,300-1,600/t free delivered after discounts, some way below our estimate of net European contract prices in October. It is unclear whether such volumes and prices are being offered on a wider scale for contract business or just to incentivise smaller incremental volumes, or to reflect energy subsidies available to produc-

Europe PVC contract prices

€/t



## PVC PRICING ANALYSIS

ers in some countries, but negotiations are evidently still within an early stage and more clarity is expected to emerge in the coming weeks.

Contractual negotiations in central eastern Europe are in a similar ballpark to those in western Europe, with some differences. One producer is deciding to implement price rollovers on k-70 graded s-PVC, while looking to achieve price decreases of €25-45/t on pipe-graded material. Others are looking to close accounts within similar decreases, with some participants noting more aggressive offers within the €1,300-1,600/t free delivered range from western European producers in October. Production remains on halt in the Czech Republic because of planned maintenance works, but even here there is no real threat to supply security and the exposure to import volumes into Poland and Bulgaria is more than compensating for certain supply losses.

We will be making preliminary assessments for both suspension (s-PVC) and paste (e-PVC) grades next week, with estimates on the direction of monthly price negotiations and annual supply renegotiations likely to come to fruition during the global K-show conference in Dusseldorf, Germany, from 19-26 October.

The import market remains extremely active this week, with several foreign sources continuing to table attractive pricing offers into Europe. Aside from US and Egyptian pipe-grade continuing to be offered at €950-1,060/t cif Europe, indications of southeast Asian and Middle Eastern product are also emerging within a slightly higher delivered range of €1,300-1,400/t. Buyers will remain cautious about such price levels and specifications, particularly now that it remains uncertain whether the extra volumes are necessarily required for later in the year.

### Turkey

Polyvinyl chloride (PVC) import prices into Turkey decreased this week, mainly because of low demand caused by low buying interest from consumers and ongoing weakness in the construction sector. Despite the low demand, suppliers both in Europe and the US keep supplying as the trade is still profitable thanks to high caustic soda prices. But increased production costs throughout Europe urged buyers in Europe to direct their attention to Turkish sellers, who have already been offering their end-products below market levels, putting domestic converters Serbia, Macedonia and Bulgaria out of business. On the other side, the change in the euro-dollar parity against the euro is unfavourable for Turkish exporters, preventing the demand in Turkey going higher.

Northwest Europe-origin PVC K67 was assessed this week

Turkey polyvinyl chloride markets			\$/t
Product and basis	Price		±
PVC k67 cfr Turkey western Europe origin	1050-1080	▼	-20.0

Egypt polyvinyl chloride markets			\$/t
Product and basis	Price		±
PVC pipe cfr Egypt	940-960	-	0.0

at \$1,050-1,080/t cfr, a decrease of \$20/t cfr on both ends. US offers were made at \$820-880/t cfr for K67 grade and \$1,150 for K70 and K58 grades. Egyptian offers were available at \$880-940/t cfr and Chinese offers were made at \$990-1,050/t cfr. South Korea offered its K67 at \$1,010-1,120/t cfr and offers from Saudi Arabia were heard at \$950-980/t cfr. No offers were heard from Mexico, Iran or Russia.

### Egypt

Polyvinyl chloride (PVC) import prices to Egypt rolled over this week, but demand remained lacklustre. Limited offers for PVC into Egypt were assessed at \$940-960/t cfr, unchanged from last week.

There has been a backlog of \$6bn of imported goods pending clearance since June owing to a shortage of dollars in Egyptian banks. The prioritisation over the release of old cargoes - that are stuck at ports - decreases suppliers' willingness to offer more PVC volumes unless the customers can make payments in advance. Except the big clients that are able to make payments in advance usually for small orders, most customers did not show any buying interest, which has kept demand depressed. Consequently, suppliers are faced with strong resistance in their attempts to increase prices, despite the increased production costs as well as logistics costs resulting from penalties on cargoes stuck in ports. Some customers have sought ways to circumvent the difficulties in the banking system, but this has not been common in the market.

## PVC PRICING ANALYSIS

### China

Chinese domestic PVC prices moved upwards, supported by active spot trades at the beginning of this week. But PVC futures slumped late this week.

The strength in futures was driven mainly by strong crude oil futures earlier this week. Downstream converters replenished their feedstocks only after the week-long National Day holiday. Operating rates at downstream PVC profile converters edged lower to 50-52pc, down by 2 percentage points from the high end of pre-holiday levels.

Trading firms slightly reduced their offers to boost sales while producers have maintained their offers. Offers for carbide-based producers were at 6,250-6,500 yuan/t (\$871-906/t) ex-works, up by Yn125/t from the pre-holiday assessment. Ethylene-based PVC prices rose to Yn6,450-6,800/t, up by Yn75/t compared with the end of September.

Average operating rates at Chinese PVC plants inched up to 75pc, 1 percentage point higher from the end of September. Carbide-based plants operated at around 74pc, while ethylene-based plants ran at 80pc. Taizhou Liancheng has cut run rates at its 600,000 t/yr unit to 60-70pc from September. Gansu Yinguang extended ongoing maintenance at its 130,000 t/yr unit to 17 October from the originally planned 8 October. Qinghai Salt Lake carried out maintenance at its 220,000 t/yr unit from 12 October for 15 days.

Export trades were active this week. China-origin carbide-based PVC was offered at \$800-825/t fob China with limited deals done at \$825/t fob China, destined for south Asia. Ethylene-based PVC was traded at below \$780/t fob China for large quantities, heading for Vietnam. And limited trades were concluded at \$800/t fob China, destined for

### Asia-Pacific polyvinyl chloride markets

Product and basis	Price	±
China (Yn/t)		
PVC pipe ex-works China (ethylene-based)	6,450-6,800	▲ +75.00
PVC pipe ex-works China (carbide-based)	6,250-6,500	▲ +125.00
China (\$/t)		
PVC pipe fob China (ethylene-based)	770-800	▼ -5.00
PVC pipe fob China (carbide-based)	800-825	▲ +32.50
PVC pipe ex-works China import parity	728-769	▲ +1.11
PVC pipe cfr China	780-800	▲ +10.00
India (\$/t)		
PVC pipe cfr India	850-870	▼ -10.00

south Asia. Freight rates from China to India inched higher to \$45-55/t, and China to Vietnam at \$15-20/t, according to market participants. Carbide-based PVC was assessed at \$800-825/t fob China, up by \$30-35/t from the pre-holiday assessment. Ethylene-based PVC was assessed at \$770-800/t fob China, down by \$10/t from the low end of the pre-holiday level.

The import market remained quiet in the absence of fresh offers. Prices moved upwards following higher domestic prices, but importers showed limited buying interest considering the depreciation of the yuan against the US dollar, and weak demand. Cfr China prices were assessed at \$780-800/t, up by \$20/t from the low end before the holiday.

There were active discussions in the feedstock ethylene dichloride (EDC) market. Bid-offer prices were at \$270-290/t cfr Asia with deals concluded at \$280/t cfr Asia. EDC prices may fall further as a large quantity of US-origin EDC is arriving in October-December. Cfr Asia prices were assessed at \$280-290/t, down by \$15/t from the pre-holiday assessment. Chinese domestic EDC traded at Yn2,500-2,600/t ex-tank,

### PVC plant maintenance, outages and disruptions

Status	Plant	Location	Grade	Capacity '000t/yr	Nature of shutdown	Duration
NEW	Formosa	US	Suspension	540	Maintenance	End Oct - early Nov
	Taizhou Liancheng	China	Ethylene-based	600	Reduced rates	60-70% of full capacity
	Lutai Chemical	China	Carbide-based	360	Reduced rates	50% of full capacity
UPDATE	Gansu Yinguang	China	Carbide-based	130	Maintenance	13 Sep - 17 Oct
	Taiwen Salt	China	Carbide-based	100	Maintenance	30 Sep, 20 days
	Shandong Xinfra (1st phase)	China	Carbide-based	300	Maintenance	Oct
	Xinjiang Shengxiong	China	Carbide-based	550	Reduced rates	50% of full capacity from 26 Sep
NEW	Qinghai Salt Lake	China	Carbide-based	220	Maintenance	12 Oct, 15 days
	Karpatnaftochim	Ukraine	Suspension	300	Temporary closure	State of emergency in Ukraine
	Fortischem	Slovakia	Various	-	Reduced rates	High electricity prices
	Inovyn	Various	Various	-	Force Majeure	FM declared across Europe
	Spolana	Czech	Suspension	120	Maintenance	Shutdown extended to end Oct
	Kem One	France	Suspension	300	Maintenance	Balan, all of Oct
	Petkim	Turkey	Suspension	150	Maintenance	5 - 30 Oct
NEW	Rusvinyl	Russia	Suspension	300	Maintenance	Changed from Sep to Oct, 14 days.
NEW	Rusvinyl	Russia	Emulsion	30	Maintenance	Changed from Sep to Oct, 14 days.

## PVC PRICING ANALYSIS

down by Yn400/t from the pre-holiday level.

Feedstock vinyl chloride monomer (VCM) prices kept steady. Discussions for VCM were around \$700/t cfr Asia with no deals concluded. Spot VCM prices were assessed at \$690-710/t cfr Asia, \$10/t lower than the low end of the pre-holiday assessment. Domestic prices in east China fell slightly to Yn5,750-5,850/t ex-tank, down by Yn50/t from the pre-holiday level.

### India

Indian PVC pipe-grade prices were \$10/t lower at \$850-870/t cfr India. Cargoes from Taiwan were offered at \$870/t cif but interest was limited. Cargoes from Thailand and Indonesia were offered at \$880/t cif. These cargoes enjoy duty advantages and would be around \$860/t cif. Ethylene-based PVC cargoes from China were offered at \$830/t cif, a \$20/t reduction from last week. Cargoes from the US were also offered at \$830/t. Japan-origin cargoes were offered at \$870/t cif. These cargoes do not enjoy duty benefits and would be around \$800/t parity with cargoes that do not enjoy these benefits.

Buyers are awaiting the announcement of new offers from a key Taiwanese producer next week. Buyers expect the producer to reduce its offers from last month, with some buyers pegging price targets at \$800-850/t cfr. Most buyers remained on the market sidelines this week on these expectations. This was even the case with US cargoes, which were offered at a discount to prompt cargoes from the region.

The outlook remains bearish as buyers are exercising caution against a backdrop of global economic uncertainty. Most converters are avoiding unnecessary purchases and overstocking as the Diwali holiday approaches. Downstream manufacturers of final goods are experiencing an uptick in sales locally as consumers stock up on goods used during the festivities. But manufacturers catering to export markets continue to face challenges in sales as demand has been tepid.

In Pakistan, US-origin cargoes were offered at \$850/t. The purchasing power of Pakistan buyers has improved, with the Pakistani rupee appreciating by around 9pc between 16 September and 8 October. Buyers in the polymer markets were encouraged by the appreciating rupee and were less hesitant about import purchases. But buyers continued to exercise restraint because of the prolonged economic uncertainty.

Container freight rates continued easing. Freight rates from China to India were at \$45-55/t, according to market participants. The fall in import demand across most goods

worldwide has prompted shipping lines to reduce rates to whet appetite for shipping. Participants expect shipping lines to reduce route availability to balance the lack of demand. This could cause freight rates to rebound in the coming weeks.

Price cuts have totalled \$540/t cumulatively from 17 weeks ago. PVC pipe-grade prices were assessed at \$1,390-1,410/t cfr India on 17 June, the week before the market turned bearish. The dampened sentiment is expected to continue in October as converters take time off to celebrate Diwali, reducing interest in import purchases.



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