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Argus Chlor-Alkali and Derivatives

Weekly price supplement and market update

Issue 26-21 | Friday 22 May 2026

MARKET UPDATE

Americas

- Lower caustic soda offers increase export liquidity.
- Global caustic soda freight costs ease.
- US housing starts rise year-over-year in April.

Europe

- Germany sees mixed outcome for May.
- Southern European prices fall further.
- Selling interest from Asia continues.

Asia Pacific

- Caustic soda export prices largely unchanged.
- Buying interest slowed down.
- Flakes prices continued to trend down.

AMERICAS

Several weeks of stifled spot caustic soda liquidity contributed to growing inventories from the US Gulf coast, adding further pressure on spot offers that slipped to levels attractive to global buyers this week.

Trade this week closed in the mid-to-upper \$400s/dry metric tonne (dmt) fob US Gulf coast, framing this week's range from \$460-490/dmt fob and marking the first week average prices settled below \$500/dmt fob since mid-March, Argus data show.

Average spot export prices from the US Gulf coast decreased by 10pc since late April, pressured by growing supply availability and sharply lower prices from Northeast Asia that opened a transpacific arbitrage with Latin America. But two weeks of incrementally lower prices from the US Gulf coast gradually trimmed the premium the US commands over northeast Asia, giving producers an improved cost position to Brazil.

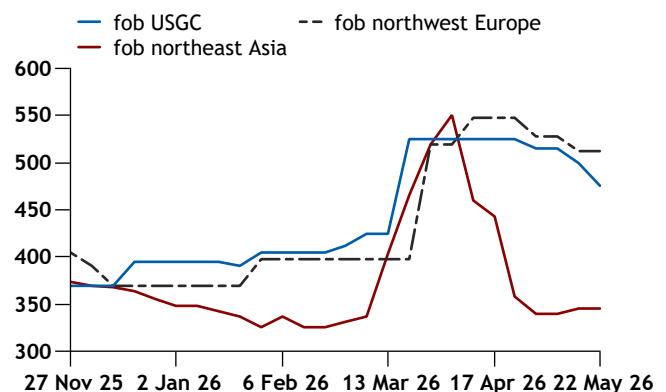
Global demand, though, remains tepid as war in the Middle East is projected to hamper global economic growth this year. Global gross domestic product (GDP) this year is expected to increase by 2.5pc, down by 0.2 percentage points from early-year projections, new data from the UN show. US GDP is projected to grow by 2pc this year on lower

MARKET PRICES

Key prices						
		Units	Timing	Low	High	±
Americas						
Caustic soda (24 Apr)	fob USGC contract	\$/dmt	Apr 26	655	690	na
Caustic soda	fob USGC export	\$/dmt	week 21	460	490	-25.0
Caustic soda	North America barge	\$/dmt	week 21	475	500	nc
Europe						
Caustic soda (24 Apr)	fd northwest Europe contract	€/dmt	2Q26	620	800	na
Caustic soda	fob northwest Europe export	\$/dmt	week 21	500	525	nc
Caustic soda	cfr Med and Black Sea import	\$/dmt	week 21	710	730	nc
Asia-Pacific						
Caustic soda export	fob northeast Asia	\$/dmt	week 21	340	350	nc
Caustic soda import	cfr southeast Asia	\$/dmt	week 21	430	460	nc
Caustic soda 50pc	ex-factory China	Yn/dmt	week 21	1,990	2,140	-15.0
Caustic soda 50pc month range (24 Apr)	ex-factory China	Yn/dmt	Apr 26	2,200	2,800	na
Caustic soda solid export	fob China	\$/t	week 21	445	460	-12.5

Global caustic soda export prices

\$/dmt



spending on durable goods and higher energy prices, the UN said.

GDP is an indicator of chlor-alkali consumption because of widespread chlorine and caustic soda demand in critical industries, such as pharmaceuticals, oilfield services, pulp and paper production, soaps and detergents, and alumina manufacturing. Global alumina production, for example, was stable year-over-year during the first quarter, with lower output in Europe, North America and Oceania offset by growth in Africa and South America, data from the International Aluminum Institute show.

US chlor-alkali producers are major caustic soda suppliers to alumina manufacturers in South America, supporting shipments even as export opportunities in Europe remain limited because of higher freight costs and elevated product values.

Domestic spot demand remained lackluster this week as distributors continue to rely on contracted positions. No spot deals closed, and prices remained assessed from \$475-500/dry short ton (dst) fob.

Flood conditions that threatened upper Mississippi River traffic earlier this month have subsided, and river conditions are normal, data from national oceanic and Atmospheric Administration show.

Demand for chlorine continues to be boosted by strengthened export demand for vinyls, even as polyvinyl chloride (PVC) sales have slowed since the start of the Iran war.

PVC export sales remain above pre-war levels, leading to more chlorine consumption for derivatives even as seasonal merchant chlorine demand into the water treatment sector picks up.

However, PVC producers in the US must contend with elevated raw material costs and are competing with cheaper Chinese volume abroad, especially from carbide-based PVC producers that are unaffected by energy price shocks.

Producers remain concerned that further PVC price increases could create demand destruction, especially as domestic PVC demand remains weak on a lackluster home-building sector.

US housing starts fell to a seasonally adjusted annual rate of 1.465mn units in April, down by 2.8pc from March, which was the highest level since December 2024, US Census Bureau data show.

April starts rose by 4.6 from a year earlier, though. Growth continues to be driven by increased multifamily building activity. Starts for projects of five or more units increased by 23pc in April to an annual rate of 529,000 units compared to the same month last year. Single-family starts fell by 2.4pc annually in the same period, dropping to an annualized rate of 930,000 units.

The diverging momentum for single-family and multifamily construction reflects the rising inflation and higher mortgage rates that are making it more challenging for consumers to buy new homes.

The US Consumer Price Index (CPI) rose by 3.8pc in April year-over-year, above 3.3pc in March and well more than the US Federal Reserve's 2pc inflation target.

Average US mortgage rates climbed to 6.56 in the week ended 15 May, extending a trend that began in late February.

The Federal Reserve is unlikely to change its target interest rate at its June meeting, with futures traders forecasting one interest rate hike by the end of the year, data from CME FedWatch show. Homebuilders had hoped for a series of rate cuts in 2026 that would have potentially induced demand for new housing.

EUROPE

May caustic soda prices in Germany are still settling with a mix of small movements in both directions as well as rollovers. Some customers that were around the upper end of the €710-790/dmt fd April range are seeing reductions, but sellers have also implemented marginal increases for those that were lower and there are many rollovers in between. Prices in the high €600s/dmt fd have also started to emerge. These are not considered common, but signal increasing pressure from customers for price relief as they perceive availability as comfortable and rising.

Chlor-alkali operations across northwest Europe are without major disruptions and many producers are running harder to recover stock after planned maintenance and to satisfy chlorine demand. Offtake into some chlorinated derivatives is higher because of their seasonality or because imports from Asia have fallen with the ongoing Middle East conflict. These include the main derivatives PVC and isocyanates. Caustic soda offtake is more stable as any seasonality is minor and Europe is not routinely relying on imports from the Middle East or Asia. The net effect is a well-supplied market with producers working to find the optimum mix between local and export allocation to maximise returns.

In central and eastern Europe, demand remains flat with prices being heard between small decreases and rollovers. There appears to be less business at the higher end of the April range of €650-750/dmt. Demand in the south of Poland is firmer for caustic soda. Beverage demand for caustic soda is waning both in the short and long term, particularly in the eastern European market, Argus understands. Producer Anwil is starting its six-week turnaround this week and plans to supply contracted customers as normal. Supply returning at

sites in Germany, including Dow's Schkopau site, has lengthened the market somewhat in May. Dow's Schkopau site typically sends 20-30,000dmt/yr towards eastern Europe, primarily the Czech Republic and Poland, Argus understands.

In the Italian market, prices are declining from April levels as distributors talk about fresh supply coming from Asia. The higher end of the April range of €730-750/dmt fd no longer appears common with demand remaining flat, and the majority of customers now pay in the high €600s/dmt fd up to around €700/dmt fd. In the Iberian market, price drops from April levels continue. Unseasonally cold weather is limiting some buyers' offtake for water treatment in the swimming pool sector, delaying the seasonal uptick in sodium hypochlorite demand. Other market participants have noted that the food sector demand for caustic soda remain firm. As is the case in Italy, some of the higher prices seen in April are largely not being reported to Argus in May so far, with levels typically not exceeding the high €600s/dmt fd in May in Spain.

Availability in the seaborne markets is relaxing further. Several northwest European producers are looking to export, with some looking to conclude as soon as possible before prices might ease further or importers in the target markets begin to hold off purchases in anticipation of further price erosion. This week's export range is at \$500-525/dmt fob northwest Europe, whilst the import price range is holding at \$710-730/dmt cfr Mediterranean and Black Sea area. Buying and selling ideas remain in the \$600s/dmt cfr and we will review our range once new fixtures emerge.

ASIA PACIFIC

Caustic soda fob prices in northeast Asia were assessed as unchanged week on week at \$340-350/dmt, following three fixtures for June-loading cargoes of Chinese and South Korean origin. One of these cargoes is destined for Australia. Offers for Chinese-origin cargoes remained mixed. Some producers in China firmed offers to around \$350-360/dmt fob, supported by easing inventory pressure and declining merchant chlorine netbacks. In contrast, several coastal producers lowered offers to approximately \$340/dmt fob to clear remaining inventory allocated for June lifting.

Integrated producers outside China, however, continued to indicate higher fob offers in the range of \$380-390/dmt, reflecting elevated ethylene feedstock costs associated with the vinyl production chain. At the same time, some of these producers have scaled back operating rates due to weaker domestic caustic soda demand and narrowing profit margins.

Separately, recent military conflict in the Persian Gulf has caused structural damage to a major alumina refinery

with a capacity of 2mn t/yr. Damage to the conveyor system, combined with the closure of the strait of Hormuz, has significantly disrupted operations and the supply of bauxite feedstock. The refinery is currently undergoing repairs and is expected to resume operations in the fourth quarter of 2026.

In addition, damage to smelters in the region and the ongoing closure of the strait has restricted alumina imports, further disrupting regional trade flows. As a result, another refinery has been forced to reduce operating rates, leading to a temporary decline in caustic soda consumption.

Looking ahead, fob prices in northeast Asia could stabilize in the mid-\$300s/dmt range in the near term. Lower price levels are likely to encourage restocking activity in both the domestic and export markets, thereby limiting further downside. Integrated producers are also expected to rely more heavily on caustic soda revenue to offset weak chlorine netbacks and support overall margins.

In southeast Asia, caustic soda cfr prices were also assessed unchanged week on week at \$430-460/dmt, reflecting the absence of new import fixtures and to reflect prevailing market offers. Although two new request for quotations (RFQ) were issued in Indonesia during the week, these were fulfilled by domestic supply and are therefore regarded as local transactions, reportedly concluded at around \$420/dmt cfr.

Import demand across the region has generally softened, particularly from mixed hydroxide precipitate (MHP) producers. This is largely due to increased conversion to magnesium oxide (MgO) and constraints in sulphur supply, which have limited production. Buying indications have declined to around \$380-400/dmt cfr, in line with weaker fob prices and expectations of further reductions in bunker surcharges toward pre-crisis levels.

In China, domestic ex-tank prices for liquid caustic soda remained broadly stable, with only slight downward adjustments. An increasing number of producers have shut for scheduled summer maintenance, reducing the overall operating rate to a seven-week low of 79pc, down by 7 percentage points.

Despite this, inventory pressure has not fully eased, as some producers have continued to liquidate stocks ahead of maintenance shutdowns, weighing on ex-tank prices. Prices for 50pc grade caustic soda declined slightly to Yn1,990-2,140/dmt (approximately \$303/dmt), while 32pc grade prices also edged lower to Yn560-660/lmt (around \$280/dmt).

The latest contractual ex-tank price for 32pc caustic soda in Shandong for May delivery rose marginally to Yn545/lmt, marking the first increase in seven weeks and providing some support to market sentiment in the near term.

However, current price stability is mainly driven by gradual inventory reduction, while demand remains weak across both alumina and non-alumina sectors.

In east China, ex-tank prices were largely stable, despite subdued demand from the non-alumina sector. Scheduled maintenance shutdowns in early summer have helped support prices. Looking forward, domestic prices are expected to stabilize, with potential upward movement as maintenance-related supply reductions ease inventory pressure and lower price levels stimulate renewed demand.

Merchant chlorine prices in China continued to decline across most regions, as resistance to higher prices intensified. This has led some downstream manufacturers to reduce operating rates or temporarily shut down operations, further weakening chlorine consumption. Prices in east China remained stable at Yn175-320/t (around \$36/t), while prices in Shandong fell to Yn180-350/t (approximately \$39/t).

In India, domestic caustic soda prices were assessed as

steady week on week at Rs40,000-41,000/dmt (approximately \$422/dmt), excluding taxes and delivery costs. Although producers attempted to raise ex-tank offers to Rs44,000/dmt to offset negative chlorine netbacks and rising energy costs, strong buyer resistance limited upward price movement.

Persistent declines in northeast Asia fob prices, coupled with subdued downstream demand—partly due to high energy costs and liquefied petroleum gas (LPG) shortages -- have continued to weigh on market sentiment in India. No export fixtures were concluded during the week, as seller indications remained above \$400/dmt fob. Falling northeast Asia prices have narrowed the arbitrage window, reducing the competitiveness of Indian export cargoes.

China's caustic soda flake export prices declined week on week to \$445-460/t fob. The decrease was driven by mounting inventory pressure and weak demand from the alumina and mining sectors, prompting both producers and traders to lower offers. Softer demand in export markets has contributed to subdued sentiment.

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Argus Chlor-Alkali and Derivatives is published by Argus Media group

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ISSN: 2514-7773

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