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Argus Chlor-Alkali and Derivatives

Monthly global prices and analysis

Issue 24-22 | May 2024

HIGHLIGHTS

Americas

- Caustic soda contract prices fall
- Caustic soda export price range stable
- Chlorine prices flat
- HCl prices steady
- PVC production increases, cutting EDC availability

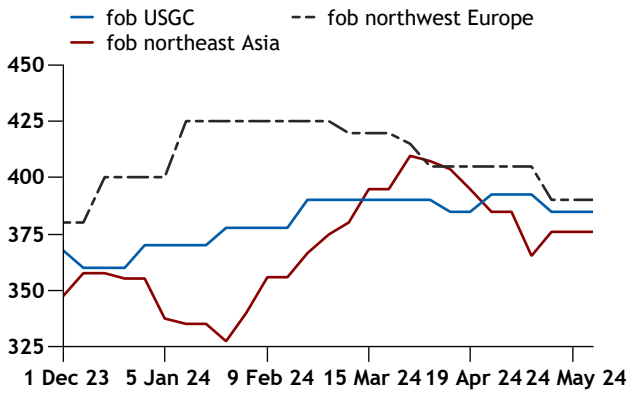
Europe

- All European markets well supplied
- German monthly prices roll over
- Prices in Iberia weaken slightly
- Downward pressure on seaborne prices dissipates

Asia Pacific

- Asian export prices settled broadly lower
- Southeast Asia-bound caustic bulk freight rates began easing
- Freight rates for containerised cargoes rose sharply
- Demand for imports in southeast Asia remained firm

Global caustic soda export prices $/dmt



CONTENTS

Americas	2
Europe	5
Middle East	8
Asia Pacific	8

MARKET PRICES

Key prices

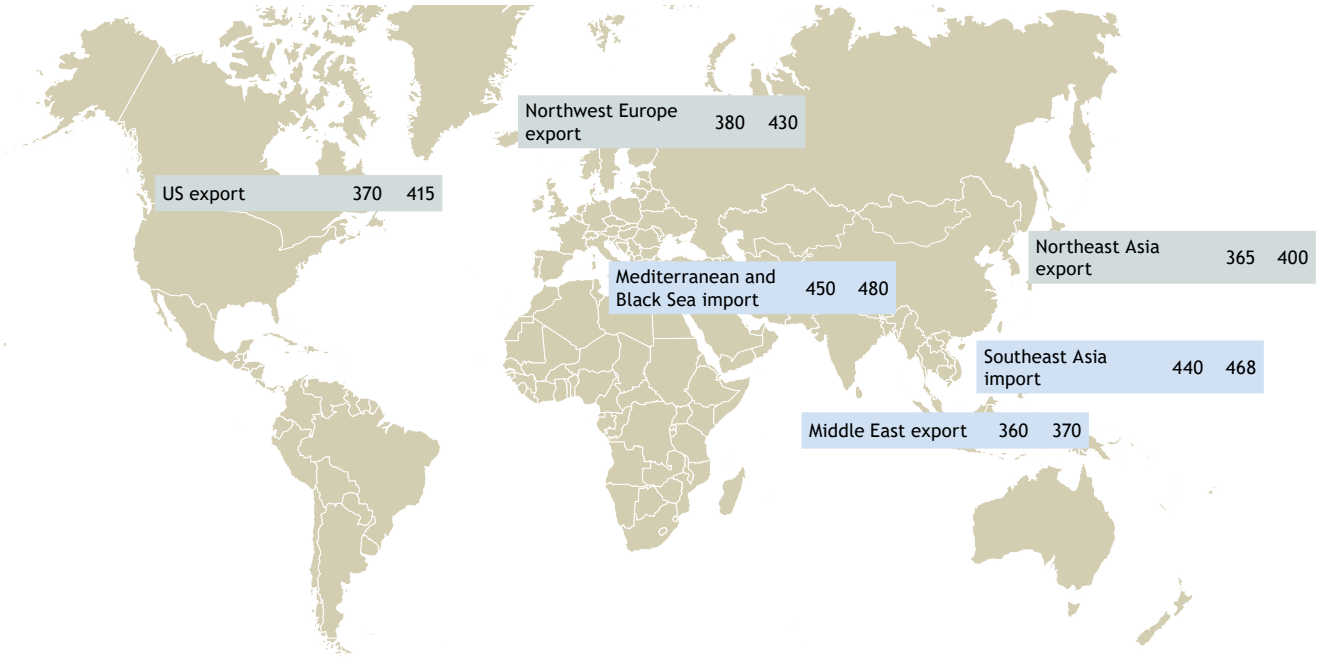
		Units	Timing	Low	High	±
Americas						
Caustic soda	fob USGC domestic contract	$/dst	May 24	605	630	-5.00
Caustic soda export	fob USGC month range	$/dmt	May 24	370	415	+2.50
Caustic soda	Brazil contract	$/dmt	May 24	500	577	-26.50
Caustic soda import	cfr Brazil	$/dmt	May 24	530	570	-10.00
Potassium hydroxide	Midwest ex-works	c/lb	May 24	45.0	48.0	nc
Potassium hydroxide	East coast ex-works	c/lb	May 24	42	47	nc
EDC export	fob USGC	$/t	May 24	200	220	nc
PVC pipe	del East of Rockies benchmark	$/t	May 24	1,268.0		nc
PVC pipe export	fas Houston month range	$/t	May 24	700	750	-10.00
Europe						
Caustic soda	fd northwest Europe contract	€/dmt	2Q24	550	720	nc
Caustic soda export	fob northwest Europe month range	$/dmt	May 24	380	430	nc
Caustic soda import	cfr Med and Black Sea month range	$/dmt	May 24	450	480	-25.00
Solid caustic soda	fd northwest Europe contract	€/t	May 24	850	1,080	nc
Potassium hydroxide	fd Benelux contract	€/dmt	2Q24	1,000	1,650	nc
Potassium hydroxide	fd Germany contract	€/dmt	2Q24	1,000	1,540	nc
PVC pipe*	fd northwest Europe contract	€/t	May 24	1,100.0		nc
Middle East						
Caustic soda export	fob Middle East ports	$/dmt	May 24	360	370	-40.00
Asia-Pacific						
Caustic soda export	fob northeast Asia month range	$/dmt	May 24	365	400	-16.50
Caustic soda import	cfr southeast Asia month range	$/dmt	May 24	440	468	-36.00
Caustic soda 50pc	ex-factory China month range	Yn/dmt	May 24	2,410	2,680	-95.00
Potassium hydroxide (solid)	cfr Asia	$/t	May 24	850	910	+25.00
EDC	cfr Asia	$/t	May 24	270	300	+5.00
PVC pipe	ex-works China	Yn/t	May 24	5,600	6,200	+50.00
PVC import	cfr China	$/t	May 24	690	795	-5.00

Contract marker

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GLOBAL PRICES MAY 2024, MONTHLY LOW-HIGH *$/DMT*



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Overview

Caustic soda contract prices fell slightly in May despite producers trying to keep prices stable. Domestic demand stabilized after growing healthily in March and April and market participants have indicated producers are trying to move extra volume where and when possible. Buyers looked to secure competitive advantages on pricing between producers, leading to some slight price decreases. Producers have also been running at higher operating rates in May, leading to rising inventories and ample supply. Spot activity has been quiet, but that is both due to producers not looking to flood market as well as buyers not needing to secure caustic soda outside of contracts.

The chlorine market has been stable in terms of supply, demand, and pricing. Chlorine contract prices held firm in May, just as HCl and PVC contract prices did. Demand for merchant chlorine and bleach into water treatment has varied by region depending on how high local temperatures are and HCl demand has been largely flat across the board. PVC demand has continued to improve as the construction season progresses, while global prices are rebounding slightly as Mexico suffers unplanned outages and China pulls back some export volume.

Global chemical manufacturer Dupont will split into three separate, publicly traded businesses within the next two years. The electronics and water business will become independent legal entities in a process that is intended to

Americas prices

	Units	Timing	Low	High	±
Caustic soda					
North America domestic contract fob USGC	$/dst	May 24	605	630	-5.00
North America barge fob USGC	$/dst	week 22	470	500	nc
North America barge fob USGC month range	$/dst	May 24	470	580	nc
Northeast US contract ex-works	$/dst	May 24	1,090	1,140	-10.00
Southeast US contract ex-works	$/dst	May 24	885	985	-5.00
Midwest US contract ex-works	$/dst	May 24	890	990	nc
West coast US contract ex-works	$/dst	May 24	820	910	nc
US export fob USGC	$/dmt	week 22	370	400	nc
US export fob USGC month range	$/dmt	May 24	370	415	+2.50
Brazil contract ex-works	$/dmt	May 24	500	577	-26.50
Brazil import cfr	$/dmt	May 24	530	570	-10.00
Chlorine					
US domestic contract fd	$/st	May 24	845	865	nc
Potassium hydroxide (KOH)					
Midwest US contract ex-works	c/lb	May 24	45.0	48.0	nc
East coast US contract ex-works	c/lb	May 24	42	47	nc
Hydrochloric acid (HCl)					
US west coast contract free delivered	$/st	May 24	365	395	nc
US Gulf coast contract free delivered	$/st	May 24	320	370	nc
Northeast US contract free delivered	$/st	May 24	390	410	nc
Southeast US contract free delivered	$/st	May 24	330	350	nc
US midwest US contract free delivered	$/st	May 24	385	405	nc
EDC					
US export fob USGC	$/t	May 24	200	220	nc
PVC					
Pipe del East of Rockies benchmark	$/t	May 24		1,268.0	nc
Pipe fas Houston bagged month range	$/t	May 24	700	750	-10.00

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be tax-free for investors, the company said. The electronics business will maintain the production of semiconductor chip materials and other electronic manufacturing businesses, like the production of wireless signal technology and power management technology.

The water business will comprise Dupont's Water Solutions business, which manufactures chemicals for water filtration and purification. The third business, New Dupont, will retain most of its businesses in the industrial solutions segment, the manufacturing of adhesives and parts of the water and protection segment.

Illinois-based private equity firm Wynnchurch Capital has acquired New Jersey-based hydrochloric acid (HCl) distributor Reagent Chemical & Research in partnership with company management. Financial terms were not disclosed at the time of the announcement.

Canfor announced the indefinite idling of one pulp line at its Northwood pulp mill in Prince George, Canada. The closure of the pulp line was noted to be associated with the lack of economically available fibre. *Argus* estimates this will reduce caustic soda demand in western Canada by 5,000 dmt/yr.

Rayonier announced that it is planning to indefinitely idle its high purity cellulose plant in Témiscaming, Quebec, Canada by July of this year. The adjacent pulp mill and paperboard machine will continue to operate as planned. *Argus* estimates this will reduce caustic soda demand in western Canada by 7,000 dmt/yr.

The port of Baltimore has resumed limited operations after most of the Key bridge debris has been removed. The shipping lane is expected to be returned to normal operations once the last piece of the bridge is removed in early June.

Domestic US

Caustic soda operating rates were estimated at 82pc in May, on par with the month prior. Producers have largely come out of various turnarounds or outages and have been restoring caustic soda inventories in May, but some lingering operating issues remain. Some regions still have some production offline, but internal inventories among distributors and buyers have normalized across North America. Buyers over the month have been satisfied with contractual volumes as supply has increased. Though producers have claimed some buyers are looking for extra volume, the improving supply has left the market balanced and fewer buyers have been pushed to participate in the domestic spot market as a result. The market is preparing for what is expected to be a very active hurricane season in the Gulf, and available supply could be threatened as many caustic soda producers sit in regions vulnerable to the storms. Higher water levels in parts of the Mississippi river system also helped diffuse spot market activity, but overall supply and demand were unchanged.

Domestic demand for caustic soda remains stable going into the peak demand season for chlorine, but rising demand for chlorine into water treatment or PVC production has not resulted in a flood of extra caustic soda in domestic markets. Demand from the North American pulp and paper mill industry is expected to wane in the second half of the year after mills ran hard in the first half of the year and new capacity in Brazil is expected to start up next month, but demand remains stable for now with some pockets of good performance in the US. Industrial activity has also moderated slightly, but chlor-alkali producers have not noticed a substantial reduction in caustic soda demand. Producers tried to keep prices stable in May after an increase in April, but some buyers reported decreases of as much as $20/dst. A number of buyers that agreed to a price increase split across April and May did not see the May increase applied. Prices tended to be flat for customers on the low end of the price range, while higher priced customers received more sizable decreases as some producers competed to move extra volume. *Argus* assessed the May caustic soda price at $605-630/dst, a decrease of $5/dst on average from the previous month.

Regional US

Northeast caustic soda prices fell by an average $10/dst in May, leading the range to settle at $1,090-1,140/dst ex-tank. Supply levels in the region have normalized after the collapse of the Francis Scott Key bridge in Baltimore, which tightened regional availability earlier in the year. Some lingering production issues in the area seem to not be impacting customer inventories either. Pricing has come down partly because of cheaper volume coming from Europe. Further decreases in import prices from Europe could be challenged by stabilizing export prices from Northwest Europe and operating rates on the continent starting to decline.

Caustic soda prices in the southeast were assessed $5/dst down from the previous month at a range of $885-985/dst ex-tank as producers in the region come out of turnaround but continue to focus on restocking supplies. Some volume from the northeast was redirected to ports in the southeast back in April after the collapse of the Francis Scott Key bridge in Baltimore isolated shore tanks in the port. Ad-

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North America barge fob USGC		*$/dmt*
Timing	**Low**	**High**
May	470	580
Week 22	470	500
Week 21	470	500
Week 20	470	580
Week 19	470	580
Week 18	470	580

US export fob USGC		*$/dmt*
Timing	**Low**	**High**
May	370	415
Week 22	370	400
Week 21	370	400
Week 20	370	400
Week 19	370	415
Week 18	370	415

ditional caustic soda from Europe has also been delivered to the southeast during May, but the biggest reason for the slight drop in prices in the region was modest competition between suppliers.

May caustic soda prices in the Midwest remained unchanged from April at a range of $890-990/dst ex-tank as the supply and demand balance has normalized in the region. Supply had been strained in April after some planned maintenance in western North America led producers in the Midwest to run harder. In May, maintenance has concluded and some volume from the west coast has made its way to the Midwest. Fears of potential Canadian rails strikes in the near term have also dissipated, further stabilizing the supply outlook for local buyers.

West coast caustic soda prices remained stable from the month prior at a range of $820-910/dst ex-tank. Availability in the area has improved as local producers have concluded plant maintenance. As supply has recovered, demand has remained stable, further diluting the previous supply tightness that had persisted in the previous month. Supply availability from Asia has been stable so far, but rising freight rates have caused concern among local buyers in western North America.

Domestic Barge

The domestic barge market was inactive throughout the month as customers have been well satisfied with contractual volumes and demand remains steady. Severe weather throughout May in the Gulf coast impacted shipping in the Houston Ship Channel and in the lower Mississippi river, further minimizing barge activity during the early part of the month. Some supply tightness in the Gulf coast has lingered even after turnaround season has largely ended due to some ongoing unplanned outages, but the majority of the producers across North America have recovered from reduced rates in March and April.

The monthly barge range tightened over the month to reflect market participant sentiment despite minimal discussions. High prices achieved by producers in the wake of unplanned outages in late March and April failed to realize over the month of May, and market discussions and sentiments have returned prices to levels seen before supply suddenly tightened. *Argus* assessed the May barge range at $470-580/dst, flat from the previous month and $135/dst lower than the previous year. The weekly US Gulf coast barge market assessment was unchanged from the previous week at $470-500/dst fob US Gulf coast.

US Exports

Overall demand for US caustic soda remained muted on the export market, which saw little activity over the month. Higher operating rates out of Europe and Asia have limited arbitrage opportunities and the need for US product in those regions. A slight uptick of European exports to the US East coast during May has not impacted the US Gulf coast export price as domestic US producer outages limited export supply, leaving European caustic soda exports to help stabilize any tightness on the US East coast or parts of Latin America. Two CABU shipments of caustic soda are moving to alumina producers in Asia-Pacific this month and next, which will displace some caustic soda demand through June and July and potentially keep global caustic soda prices from shifting as aggressively.

Alumina demand has been largely stable, with some pockets of modest improvement. Sanctions on Russian metal going to the Chicago Mercantile Exchange (CME) and London Mercantile Exchange (LME) have seemingly not had significant impact on alumina demand globally, and disruptions to caustic soda trade patterns have been minimal. Severe flooding in Southern Brazil did not disrupt chlor-alkali production as no plants are located in Rio Grande do Sul. Some pulp and paper production was impacted by the flooding, but the impact to caustic soda demand has yet to be fully assessed, although it is expected to be less than 1,000dmt.

Argus assessed the US Gulf coast price for caustic soda flat from the week before at $370-400/dmt amid no new market information or deals being heard. The monthly *Argus* export price range was assessed at $370-415/dmt, $2.5/dmt higher than the previous month's range.

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KOH

KOH prices were flat in May, with prices holding at 45-48¢/lb in the Midwest. Demand has been slowing in April and May in parts of the country, especially in parts of the northern US and Canada where agricultural demand has not been quite as strong. At the same time, demand for KOH out west has reportedly picked up in line with seasonal norms, but producers have been jockeying for market share across North America because consumption is not robust enough in any one region. Agricultural potassium chloride prices fell $1.50/t from the previous month to $258.50/t fob Vancouver in late May. This compares to $369/t a year prior.

Chlorinated Derivatives

April chlorine operating rates were estimated at 82pc. Chlorine demand among most key segments has been steady or slightly weaker. Chlorine and bleach demand in parts of the Midwest, Northeast US, and Canada has been weaker compared to a year ago due to milder temperatures reducing the need for additional volumes of chemicals for water treatment in these regions. HCl demand has been flat for months, but some outages among by-product producers and Olin's recent order control notice has left room for on-purpose producers to push more chlorine into HCl production. Demand for TiO2, refrigerants, and other chemical compounds has not improved much domestically, but some market participants maintain that reduced competition from imports have kept these markets healthier.

Chlorine supply, while tighter due to water treatment, remains balanced enough to meet market needs. Additional supply from Mexico continued through most of the month, but offerings to customers further north were less commercially viable due to logistical costs. A recent force majeure announced by Orbia at its Altamira, Mexico PVC plant could disrupt some vinyl-related chlorine demand within North America but impacts to merchant chlorine supply may be more limited. Market participants were broadly on the same page in May, with pricing discussions centering around a rollover for nearly the entire month. *Argus* assessed the May chlorine price flat from April at a range of $845-865/st.

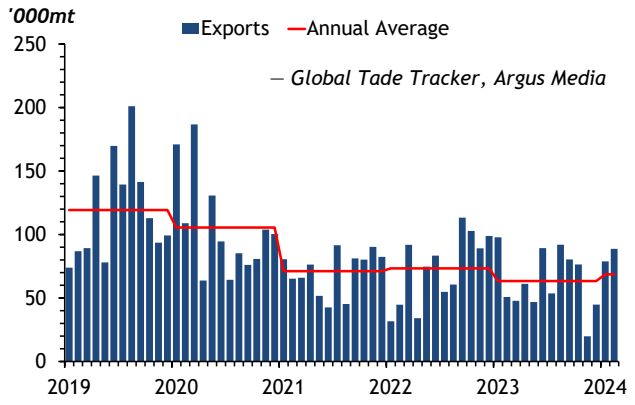
EDC trade was extremely limited during May as improving operating rates for PVC meant more EDC being consumed internally for downstream production. With producers having less EDC to offer, spot activity was quiet as buyers held off from ordering EDC at higher prices out of the US. Some producers had looked to push EDC prices into the mid $200/t range, but buyers held out for prices seen back in April when availability was stronger.

US EDC exports contracted in March from the previous month and the year before as operational issues kept EDC availability tight during the month. Total exports were 38,270t according to the Global Trade Tracker. This represented a 57pc decrease from February and a 20pc decrease from March 2023. Key export outlets were Egypt and Brazil, with few other regions registering significant demand. The *Argus* EDC export price range was flat from April at $200-220/t fob US Gulf coast due to limited activity.

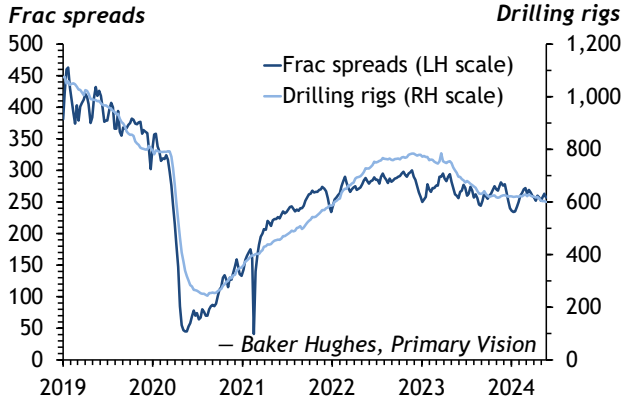
Revised data from the American Chemistry Council showed overall sales totaled 1.38bn lbs, or 625,108t, in April. A 4pc increase from the previous month. Export sales totaled 401.8mn lbs, or 182,238t. while domestic sales stood at 976.3mn lbs, or 442,869t. Domestic demand increased 3.4pc from March, while exports grew 5.9pc. Exports accounted for 29pc of all sales.

Production totaled 1.37bn lbs, or 619,585t, 4.4pc higher than March. Days of supply was 15.5 days in April, a slight decrease from the 17 days reported in March. Operating rates were at 83.1pc.

US EDC exports



Frac spreads/Drilling rigs



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Domestic PVC demand has continued to rise in May. While most producers have looked to hold domestic contract prices flat in May, some have announced a 2¢/lb increase for June. Mexican PVC converters are looking to import more product from the US Gulf coast after Orbia announced a force majeure on PVC production from its Altimira plants owing to the ongoing drought in the area. Export prices have risen over the course of the month, with prices being assessed between $770-800/t fas Houston this week.

Demand for HCl remained fairly stable throughout the month as part of a broader trend that has lasted most of the year so far. Oil and gas demand has not shifted dramatically anywhere in North America, and crude production has not seen any major upticks. The US Gulf coast and the Northeast US have faced some tightness as ongoing production outages among by-product and on-purpose producers linger in the market. Olin placed an order control program on all HCl contracts, capping allocations at 100pc of contract volumes.

The announcement came after outages among other suppliers in recent months created a slight increase in demand while Olin had tightness in its own system. Olin has no set timeline as to when the allocations will be lifted. However, overall supply has remained sufficient between all on-purpose and by-product producers that buyers have been able to locate material as needed.

The threat of rail strikes in Canada has also dissipated for the time being, keeping ordering patterns more normal. The strikes were supposed to commence 22 May, but have been postponed to a later date.

The US active frac count was at 257 in May, stable from April but three less than the previous year, according to Prime Vision. The active oil rig count was 600 in May, 13 less than a month ago and 111 less than the year prior. Frac spreads have grown by 21 since the start of the year, however oil rig counts have fallen by 21 since the beginning of 2024.

The HCl demand outlook among market participants is stable for the months ahead, and operations are expected to improve gradually as the summer progresses and key producers get back online. *Argus* assessed the HCl market flat in May from the previous month in the Midwest at a range of $385-405/sst of 22Be.

Brazil

Caustic soda prices in Brazil fell by about R100/dmt on average with prices standing at an average of R2,800/dmt ex-works in May. The price range in US dollar terms came down roughly $26.50/dmt to a range of $500-577/dmt ex-works. The supply and demand balance has remained fairly stable for several months, even as imported supply has fluctuated from the US and Europe. The recent flooding in Southern Brazil has had minimal impact on chlor-alkali production, as most key facilities were located in the north of the country.

Liquid caustic soda import prices fell by $10/dmt to $530-570/dmt cfr. Solid caustic soda flake imports rose $80/dmt on average to $700-710/dmt cfr. Chlorine prices were stable from the prior month between R1,500-2,500/t delivered.

PVC from Asia has not been competitive into Latin America as of late due to rising freight rates. Buyers in Africa are actively working to secure as much available PVC resin as possible from the US, leaving less material going into South America from outside the region. US-origin PVC was assessed at $790-820/t cfr Brazil last week.

Mexico

Caustic soda prices in Mexico were assessed flat in May at $660-720/dmt. Chlorine prices stayed flat as well between $775-875/t. Orbia announced a force majeure on 5 May at its Altamira PVC plant located in Tamaulipas, Mexico due to drought-induced water shortages in the region. The facility has been completely shut down for most of the month, with no timeline on when it will reopen. Orbia's Altamira 1 and 2 plants have a collective capacity of 690,000t/yr of PVC production. The drought so far has had minimal impact on chlorine demand into other chlorine derivatives.

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EUROPE

Overview

The European caustic soda market is characterised by stability at the end of May. Market fundamentals are largely stable, with most countries seeing slightly more than adequate supply conditions as chlorine as remains the seemingly stronger component of the ECU. Chlorine offtake into polyurethanes appears to be more robust than into vinyls, as ongoing shipping disruptions in the Red Sea and thus reduced imports from Asia enable European producers to run harder. But offtake into vinyls has peaked this season and has remained somewhat behind expectations, leaving the vinyls chain well stocked and prompting chlor-vinyl producers to review operating rates. No part of the chlor-alkali industry is showing signs of a more sustained recovery from the current demand low, and so the focus remains on cost and margin management in a sub-optimal business environment.

The downward price pressure across Europe has either eased or dissipated, depending on the region, which could mean that the market is in its final stages of adjustment after a period of volatile cost and price conditions. In Germany, monthly prices have rolled over at €650-720/dmt fd, although most business is now in the €600s/dmt fd. Prices have also stabilised in central and eastern Europe at €500-570/dmt fd, but further price erosion has been seen within the range as a result of supply length and some pressure to maintain market share at the selling side. There has also been more stability in southern Europe, where May has concluded at €440-580/dmt fd. Some downward price pressure has lingered in Iberia, but this has been less pronounced than previously, while pricing in Italy is stable to marginally higher depending on the source and the timing of conclusion.

The recent downward correction on pricing in all European markets and more stability in other key regions has meant that arbitrage windows are still closed. Spot pricing from the US is not attractive to European buyers, who source locally in a well-supplied market and at more competitive pricing and there are no real import opportunities from Asia or the Middle East. Some export pressure has remained instead, but this has been limited to destinations that provide the highest netbacks and most exporters have not had to increase activity to lower-priced markets such as southern Europe. Recent transactions have been within $380-400/dmt fob and downward price pressure has eased as these levels are largely aligned with the global market. Import prices in the Mediterranean and Black Sea area have also stabilised at $450-480/dmt cfr in the absence of competition from overseas imports.

Europe prices

	Units	Timing	Low	High	±
Caustic soda					
Northwest Europe contract fd	€/dmt	2Q24	550	720	nc
Germany contract fd	€/dmt	2Q24	650	720	nc
Germany contract fd	€/dmt	May 24	650	720	nc
Benelux contract fd	€/dmt	2Q24	550	670	nc
UK contract fd	£/dmt	2Q24	760	960	nc
Southern Europe contract fd	€/dmt	May 24	440	580	-5.00
Central and eastern Europe contract fd	€/dmt	2Q24	550	650	nc
Central and eastern Europe contract fd	€/dmt	May 24	500	570	nc
Nordic contract fob northwest Europe	€/dmt	2Q24	940	950	nc
Export fob northwest Europe	$/dmt	week 22	380	400	nc
Export fob northwest Europe month range	$/dmt	May 24	380	430	nc
Import cfr Med and Black Sea	$/dmt	week 22	450	480	nc
Import cfr Med and Black Sea month range	$/dmt	May 24	450	480	-25.00
Solid northwest Europe contract fd	€/t	May 24	850	1,080	nc
Chlorine					
Contract fd	€/t	2Q24	300	330	nc
Potassium hydroxide (KOH)					
Benelux contract fd	€/dmt	2Q24	1,000	1,650	nc
Germany contract fd	€/dmt	2Q24	1,000	1,540	nc
Flakes northwest Europe contract fd	€/t	May 24	1,350	1,800	+25.00
PVC					
Pipe Europe contract*	€/t	May 24		1,100.0	nc

**Contract marker*

Northwest Europe

Germany is seeing caustic soda supply length linger as an imbalance between chlorine and caustic soda offtake persists. Planned shutdowns have been completed and there have been no notable unplanned disruptions to production. But some producers have started to react to below expectations chlorine consumption into vinyls and have adjusted operating rates accordingly. Caustic soda customers are generally still able to source more than adequate volumes, but supply pressure at sellers does not appear to be too strong as others expect having to lower operating rates as well. Buyers have worked to achieve further price relief for

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EUROPE

May monthly business, but producers have mostly resisted lower levels due to ongoing margin pressure and declining volume pressure. Business is still taking place at €650-720/dmt fd for May, keeping shorter-term agreements aligned with quarterly agreements that are in the same range. Some lower-priced material continues to arrive from neighbouring markets below the low end of our range, but northwest European suppliers tend not to match these prices.

Some caustic soda supply length also remains in the Benelux area, where Nobian has completed planned maintenance at Botlek and no other shutdowns are underway. Caustic soda consumption is stable at a low level, and so buyers are finding it easy to secure sufficient quantities and more. But producers are allocating product more carefully as they wait to see to which extent chlorine offtake will weaken during summer and what the impact on the caustic soda market balance will be. This is also resulting in no more than normal export activity, which has had its focus on higher netback destinations outside Europe. Equally, the region remains unattractive for imports due to relatively lower domestic prices and arrivals remain limited to structural business and are thus not adding more volume or price pressure than usual. Second-quarter prices had concluded at €550-670/dmt fd last month, with a large proportion of business around €600/dmt fd or higher.

In the Nordic region, US imports are visibly reduced versus a year ago following months of downward price movements and therefore a closed arbitrage window for spot imports. Product that has arrived is understood to be contractual, and buyers focus on sourcing locally and in northwest Europe. Consumption into pulp and paper, the main end use, remains well below normal and it appears as though some competition over market share amongst the key caustic soda suppliers remains and that this has been reflected in spot prices out of northwest Europe. Quarterly prices settled with a €30/dmt reduction last month to €940-950/dmt fob northwest Europe before discounts.

The UK market is comfortably supplemented by imports that offset local production losses due to a long maintenance in Runcorn. Caustic soda imports in the first quarter totalled 36,000dmt, which remains elevated from the 15,300dmt in the same period of 2022. Most of the higher imports originate in the Benelux area and in France, although unusual shipments can be seen from other origins such as Norway or Poland. Much of these are in an effort by key suppliers to serve their home market adequately, before local output will begin to recover late in the year and imports normalise.

Major European chlor-alkali outages May-Dec 2024

Producer	Location	Nature of shutdown	Timing
Anwil	Wloclawek	Maintenance	Q3 24
Arkema	Jarrie	Maintenance	Sep
BorsodChem	Kazincbarcika	Maintenance	Jul-Aug
Inovyn	Tavaux	Maitenance (Solids)	May-Jun
Karpatnafto-chim	Kalush	Political conflict	Feb 22 onwards
Nobian	Bitterfeld	Maintenance	Aug
Nobian	Frankfurt	Maintenance (Solids)	May
Nobian	Frankfurt	Maintenance	Jun
PCC Rokita	Brzeg Dolny	Maintenance	Aug-Sep
Vynova	Runcorn	EDC start-up	Q3 24
Vynova	Tessenderlo	Maintenance	Oct
Vynova	Tessenderlo	Maintenance (KOH)	May

Second-quarter business is in the £760-960/dmt fd range.

Central and eastern Europe

Caustic soda assessed prices for central and eastern Europe rolled over from the April range, staying unchanged at €500-570/dmt fd. The month started slow in the regional market and continued with very few developments. May has been a month of reduced activity in the region, with several bank holidays. Some price adjustments were seen throughout the month, mostly in a downwards direction, with reductions in the low double digits, but business remained within the reported range. Some sellers showed greater resistance than others to adjustments, leading to lost business, as buyers can still find product from various sources at competitive prices. This trend is expected to continue into June, as buyers think minor adjustments remain possible but producers are so far only circulating ideas of unchanged prices.

Producers have started discussing cutting operating rates in response to chlorine derivatives' poorer-than-expected performance in the vinyl value chain, which could help rebalance the market at a time when some describe it as oversupplied. Indeed, product remains available from local and imported sourced at competitive prices and demand is expected to cool off into the summer months due to the usual seasonal slowdown. A reduction of operating rates across the region could inverse the trend of price softening,

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depending on how this is balanced with demand changes.

Southern Europe

Southern European caustic soda prices settled at €440-580/dmt fd in May, from €450-580/dmt fd in April. Prices in the region, particularly in Spain, remain the lowest in Europe, after a period of intense competition over market share, sustained by poor demand and ample supply, as well as a period of low electricity prices.

Price pressure continued in Iberia throughout the month, with some deals falling below April levels already at the start of May. However, the situation started to turn later in the month, as the volume pressure eased in the eastern part of the peninsula. There are firm indications that a major site in Spain experienced production problems, but *Argus* could not independently verify this. There were signs seen in the market that correspond to a localised availability issue, including some spot deals concluded above previous weeks' levels of the mid-€400s/dmt fd, although they were still well within the April range of €450-580/dmt fd. Indeed, some deals were seen in Iberia around the €500/dmt fd mark. Despite this, lower priced deals were also seen throughout the month, particularly in the south of Spain, where business as low as €440/dmt fd could be seen commonly during May. At least one supplier showed intentions of increasing the price for June caustic soda supply, advancing a triple-digit increase, but buyers appear keen on resisting increases of such magnitude. Other market participants remain more cautious, but hopeful that less supply pressure will allow for price increase. As the summer season approaches, sodium hypochlorite demand should help shift more caustic soda into this application, but other industries also usually have a summer slowdown, so the overall demand outcome remains uncertain.

Major Iberian pulp and paper producers presented their first quarter results, noting good expectations for the sector for the rest of the year, sustained by improving global demand for pulp. Spanish producer Ence saw an increase in net sales prices larger than that seen in cash costs, which the company expects to see lowered. The Navigator Company saw a reduction in cash costs, including those related to chemical purchasing, while also showing an improved result when compared to the previous quarter. Altri presented results with an improvement in net profits and a 15% increase in pulp production versus the first quarter of last year.

In the Italian market, pressured started from the end of April to raise prices, with some suppliers seeking to obtain double-digit increases. While some upwards and downwards movements were seen during the month, prices at the end of May were in the mid-to-high €500s/dmt fd once again, with €580/dmt fd remaining as the top-end of the range for Italy and setting the upper bound of the full southern European price range, similarly to what had happened in April.

Seaborne markets

Pricing in the seaborne markets has stabilised after a prolonged period of erosion and re-alignment with global seaborne prices. Our northwest European range is now at $380-400/dmt fob, compared with $380-430/dmt fob during the last week of April. The narrower range reflects the absence of business above the $400/dmt fob mark and renewed conclusions in the high $300s/dmt fob. Exporters' focus remains on overseas destinations, which provide higher netbacks than European outlets, and whilst multiple sellers have liquidated volumes during May the export pressure is not particularly intense and does not appear to be increasing. Material for June lifting is now almost completely allocated and there is no price pressure in either direction.

Imports into the Mediterranean and Black Sea area remain largely confined to local sources and within the $450-480/dmt cfr range. Muted demand and no real competition from overseas sources or even from northwest Europe have contributed to the downward price pressure to ease or dissipate entirely. Local availability is still adequate to the lower than normal level of demand during the economic downturn and so the region is in the unusual position of not having to rely on product originating elsewhere without repercussions on pricing.

Export fob northwest Europe		$/dmt
Timing	Low	High
May	380	430
Week 22	380	400
Week 21	380	400
Week 20	380	400
Week 19	380	430
Week 18	380	430

Import cfr Med and Black Sea		$/dmt
Timing	Low	High
May	450	480
Week 22	450	480
Week 21	450	480
Week 20	450	480
Week 19	450	480
Week 18	450	480

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European seaborne prices, together with domestic prices, have reached a level that has closed all arbitrage windows and thus keeps out overseas imports. There have been very limited, if any, spot arrivals from the US gulf this year so far, including into the Nordic region, and product of Middle Eastern origin has also been scarce. Even if logistics in the Red Sea normalised soon Middle Eastern exports to Europe would not be competitive with current landed prices. There has been a focus on exports as a result, albeit not more than usual, as producers have sought to alleviate some supply length by moving material to other regions.

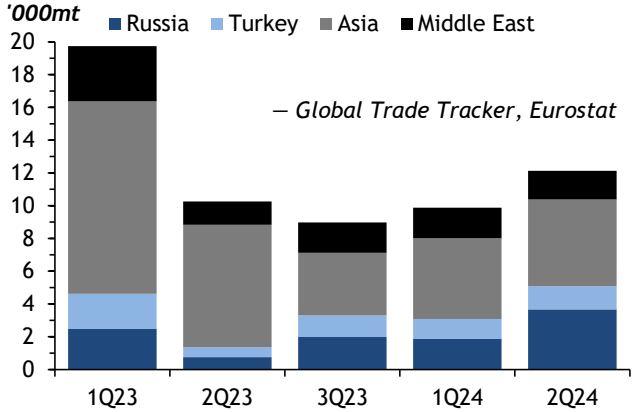
Solid caustic soda

Caustic soda pearls prices for northwest Europe remained in the range of €850-1,080/t fd, stable from April and March. Some business continues to be seen slightly above this range, although with longer-term price agreements not considered in the Argus monthly price assessment. Some business is seen slightly under this level as well, involving product of non-domestic sources, such as Qatar. This imported material continues to be seen in the market despite the ongoing shipping disruptions in the Red Sea.

Argus understands producers approached the market with rollovers, which were mostly accepted. Given the lack of change in market fundamentals and the ongoing period of stability, the expectation on both sides of the market is that these price levels will be maintained into June, unless unexpected disruption occurs. Slow activity continues to be reported by both sides of the market, sustaining the price stability seen over the last year. Outside northwest Europe prices saw small decreases, with business seen in the Spanish market in the mid-€700s/t fd.

Nobian underwent a scheduled maintenance during May at their site in Frankfurt, Germany, while Inovyn's Tavaux site has stopped for a scheduled maintenance as well, with operations expected have restarted by mid-June.

EU + UK solid caustic soda imports



Potassium hydroxide

Some pressure remains on the liquid potassium hydroxide (KOH) market, for which quarterly prices settled last month at €1,000-1,540/dmt fd in the German market and €1,000-1,650/dmt fd in the Benelux. Second quarter deals commonly saw large increases, but rollovers were also seen, with buyers often achieving significantly different outcomes from different suppliers.

While many market participants are tied to quarterly deals, some business is held on a monthly basis and may see price adjustments from month to month. *Argus* does not formally assess this type of business. However, during May, some buy-side participants in this market pressured sellers to obtain reductions versus the prices practiced in April which represented, in some cases, large increases versus the previous levels. This was seen with special intensity in the German region, where the market appears better supplied than before, with increased availability from various sources. Availability was also seen to improve in the Spanish market, not formally assessed by *Argus*, due to vessel arrivals which are leading to the easing of prices in that country.

Looking into the solids market, KOH flakes prices in northwest Europe were assessed at €1,350-1,800/t fd, from €1,300-1,800/t fd in April. Movement was seen only in some instances, with a change at the low end of the price range. Sell-side participants in this market have shown some optimism regarding the possibility of price increases, noting better opportunities to raise prices in solids than in liquid KOH, although buyers remain keen on resisting such increases as much as possible. The lower number of suppliers, as well as difficulties in importing overseas product have meant a tighter than usual market. Asian suppliers have stayed mostly clear of exporting into Europe due to rising freight costs and disruptions in the Red Sea, and *Argus* understands this situation is likely to continue into the summer, as Asian suppliers focus on their domestic markets. This, as well as other factors, has caused monthly adjustment to prices, seen since August 2023. Conversely, buyers feel further aggravation that higher prices may start to hurt demand, which is still yet to recover to historical levels.

A short planned turnaround was done at Vynova's site in Belgium during May, with no disruption noted in the market. This followed a similar stop at the company's site in France last month.

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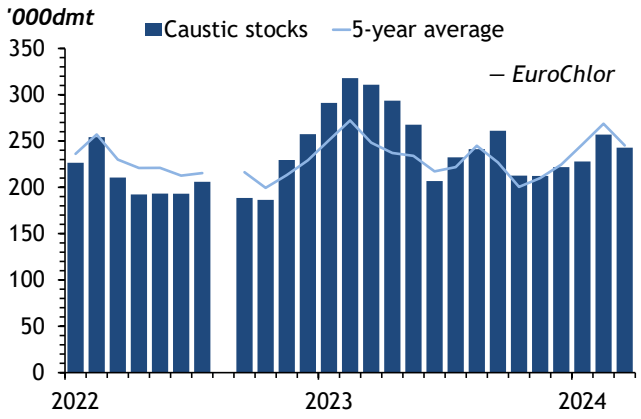
Chlorinated derivatives

European chlorine production declined close to January levels in March, standing at 690,555t, after hitting a two-year high daily output level in February, according to data from industry association EuroChlor. Capacity utilisation moved down to 67.6pc after a surprising 73.9pc in February. The average daily chlorine output stood at 22,276t, similar to the January level, and above what was seen during any month in 2023. This was 8.4pc lower than in February, but up by 13.6pc versus March 2023. Caustic soda stocks declined by approximately 14,000 dry metric tons (dmt), or 6pc, to 242,796 dmt. Both caustic soda stocks and the average daily chlorine output remained below the five-year average. These results reflect a return to more usual – although below historical – output levels by recent standards after a somewhat surprising month of February. Comparing quarterly totals, chlorine production increased 15pc from the first quarter of 2023 and 17pc from the final quarter of 2023. March had seen a number of maintenance stops across Europe, for which inventories had been prepared in February. But some sites were known to be running stronger since late February, including in Iberia where low electricity prices have been helping producers.

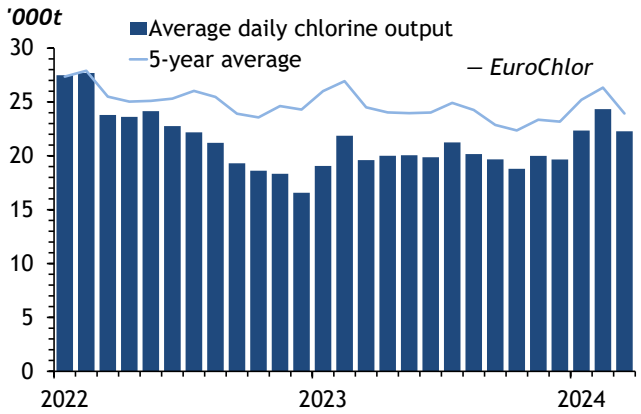
Chlor-alkali stops during May included a very short planned turnaround at Vynova's KOH site in Tessenderlo, Belgium. For June, downtime is planned for Nobian's Frankfurt facilities. Inovyn's maintenance programme continues as scheduled, with downtime at the Tavaux site in May and solids productions affected in the same site until mid-June.

Chlor-alkali producers across Europe have shared a mood of relative pessimism for the summer months, as PVC and vinyl-chain products have been underperforming. Operating rate cuts remain a possibility for July or even as early as June if chlorine offtake continues to be below expectations and the continent enters the typical summer lull. This possibility comes at a time when caustic soda remains widely available and with prices mostly stabilising at a level below the average of the last two years for most regions of Europe. Cuts in production could contribute a rebalancing of the market, but it is still early to conclude if such cuts are indeed necessary and if they are in a scale that would impact caustic soda prices. The recent spring maintenance season had little-to-no effect on pricing and occasional production issues have also not caused the volatility that perhaps could be expected in previous years.

Caustic soda stocks



Average daily chlorine output



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MIDDLE EAST

A major producer in Saudi Arabia continued to boost output at its third converted production line, with most of its output to meet domestic consumption and demand. The recent start-up of a newly built 55,000 dmt/yr chlor-alkali production site is expected to add to local supplies.

Another 10,000dmt of cargoes of Saudi origin was also concluded heading to Indonesia, it's thought to be slightly below mid-$300s/dmt fob level inclusive of various taxes. A tender to sell 10,000dmt for June loading was also released in the Middle East with it possibly finalized at $360-370/dmt fob. It is likely heading to Africa because of its proximity to the region.

No imports of caustic soda into the Middle East emerged as the region has become more self-sufficient. High domestic parity prices of around $550-600/dmt delivered also prompted producers to focus on their domestic markets because of much higher netbacks.

There are indications of increase export availability from Saudi Arabia emerged as production continued to stabilise. However, rapid rise in domestic demand growth, especially from the petrochemical sector may limit its export availability from the region.

Middle East prices

	Units	Timing	Low	High	±
Caustic soda					
Export fob Middle East ports	$/dmt	May 24	360	370	-40.00

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Overview

Notional northeast Asian export fob prices were assessed at $370-382/dmt in the absence of new fixtures, putting the monthly range at $365-400/dmt fob. This represented a drop of $16.50/dmt at the mid-point compared with the previous month. A total of nine transactions emerged, mainly of Chinese origin with a smaller proportion of South Korean and Japanese origin.

Caustic markets were largely muted in the second half of the month as most of the deals were done earlier in the month as offers were relatively lower. But Chinese producers began to raise their offers to $375-385, in response to the rise in domestic parity prices and rising demand from domestic and export markets as some traders opted to stay on the market sidelines.

The continuous fall in fob prices in May was attributed to the increase in export availability, as Chinese producers raised their output, taking advantage of rising chlorine netbacks. This drove overall run rates in China to hit a historical high of 91-92pc before dropping back to a low 80pc towards the latter part of the month.

Fob prices firmed towards the latter part of the month as more production sites shut for scheduled maintenance. Output disruptions in northeast Asia outside of China have kept the supply position tightly balanced. But overall demand from the export market remained strong, especially from southeast Asia.

Northeast Asian freight rates for liquid cargoes were showing signs of easing in recent weeks and the availability of vessel space also increased. But freight rates for contain-

Asia-Pacific prices

	Units	Timing	Low	High	±
Caustic soda					
Export fob northeast Asia	$/dmt	week 22	370	382	nc
Export fob northeast Asia month range	$/dmt	May 24	365	400	-16.50
Import cfr southeast Asia	$/dmt	week 22	460	468	+10.00
Import cfr southeast Asia month range	$/dmt	May 24	440	468	-36.00
Domestic China 50pc	Yn/dmt	week 22	2,480	2,630	-50.00
Domestic China 50pc month range	Yn/dmt	May 24	2,410	2,680	-95.00
Domestic Thailand	Bt/lmt	May 24	8,300	9,500	+100.00
Domestic Malaysia	ringgit/lmt	May 24	1,200	1,250	+50.00
Domestic Singapore	S$/dmt	May 24	890	910	+12.50
Domestic Indonesia	Rp/lkg	May 24	4,900	5,500	+300.00
Domestic India	Rs/dmt	May 24	30,000	35,000	nc
99pc solid export fob China	$/t	week 22	465	470	nc
99pc solid export fob China month range	$/t	May 24	460	470	+10.00
Potassium hydroxide (KOH)					
Solid cfr Asia	$/t	May 24	850	910	+25.00
EDC					
Import cfr Asia	$/t	May 24	270	300	+5.00
PVC					
Pipe ex-works China month range	Yn/t	May 24	5,600	6,200	+50.00
Import China month range	$/t	May 24	690	795	-5.00

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erised cargoes have increased, affecting most containerised caustic and KOH flake cargoes, lifting cfr prices significantly higher while keeping base prices relatively steady.

Fob prices are expected to be rangebound in the coming weeks, although producers were still trying to hike their offers. Firm export demand for northeast Asian cargoes is expected to provide price support and prevent it from trending lower, while increased export availability will set the price cap for fob prices.

China

China's domestic liquid caustic soda price began to rebound after four weeks of consecutive falls when business resumed after the extended Labour Day holiday at the start of May. Although the latest contractual prices fell broadly for May delivery, the price rebound was triggered by renewed buying support that emerged to take advantage of falling prices to restock.

Overall chlor-alkali run rates in China reached a historical high of 91-92pc in the early part of the month because of high chlorine netbacks. But they started to fall as more producers opted to start maintenance as merchant chlorine prices continued to fall, bringing run rates back down to 82-83pc towards the end of the month.

Mainstream ex-tank prices rebounded and rose gradually. While it experienced some minor downwards adjustment toward the end of the month, ex-tank prices of the 50pc grade settled marginally higher compared with the previous month at Yn2,480-2,680/dmt ($355/dmt). Ex-tank prices of the 32pc grade were a little firmer at Yn680-830/lmt.

Mainstream ex-tank prices in east China also rebounded and rose steadily after four weeks of consecutive falls earlier, bolstered by the rise in mainstream prices in north China. Renewed buying support, coupled with more production sites opting for scheduled maintenance, eased the inventory pressure and helped to temporarily lift price sentiment.

Ex-tank prices of the 32pc grade in Anhui and Jiangsu provinces settled higher at Yn860-930/lmt and Yn880-950/lmt respectively, while Zhejiang ex-tank prices of the 32pc grade also increased to Yn1,030-1,070/lmt. Ex-tank prices of the 50pc grade in Jiangsu also settled higher at Yn1,370-1,430/lmt.

Mainstream ex-tank prices of caustic soda in China are expected to remain firm with more upside. More production sites are expected to shut for maintenance, especially along coastal regions, bringing overall run rates even lower. Renewed buying support from domestic and export markets emerged because low prices will help to provide more upside to both the 32pc and 50pc grades.

Northeast Asia

Taiwanese chlor-alkali producers opted to roll over their ex-works prices for the 45pc grade for May delivery at NT$8.25-8.30/lkg ($570/dmt). Two import shipments of east China origin were fixed at $380/dmt fob and landed at around $420-430/dmt cfr. They are expected to arrive in late June or early July to supplement domestic production.

The supply position in the domestic market remained tighter because of existing technical issues at a production line, as producers and traders opted to hold firm on their offers despite no signs of a short-term demand recovery. Caustic demand from the electronic and semi-conductor sectors was intact, while overall caustic demand from other main downstream industries in the petrochemical, chemical, steel and textile sectors remained largely sluggish.

The supply-demand position in Japan was in a tighter balance with the current maintenance season as producers only fulfil contractual shipments with index-linked prices, while overall caustic consumption remained largely subdued. But a spot cargo of around 3,000dmt was released and fixed at around $380/dmt fob, likely heading to southeast Asia.

Two shipments of South Korean origin were fixed at $370-400/dmt fob, with this likely to be heading to southeast Asia or used as top-up cargoes. Spot export availability is expected to be limited for June loading because of existing volumes already committed for a CABU shipment heading to Australia.

Caustic soda 50pc ex-factory China		*Yn/dmt*
Timing	**Low**	**High**
May	2,410	2,680
Week 22	2,480	2,630
Week 21	2,560	2,650
Week 20	2,600	2,680
Week 19	2,410	2,600
Week 18	2,420	2,600

Export fob northeast Asia		*$/dmt*
Timing	**Low**	**High**
May	365	400
Week 22	370	382
Week 21	370	382
Week 20	370	382
Week 19	365	365
Week 18	370	400

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Import cfr southeast Asia		*$/dmt*
Timing	**Low**	**High**
May	440	468
Week 22	460	468
Week 21	448	460
Week 20	440	460
Week 19	448	465
Week 18	460	460

Southeast Asia

Southeast Asia cfr import prices were assessed at $460-468/dmt following two fixtures of Japanese and Chinese origin heading to Malaysia, putting the monthly range at $440-468/dmt cfr. This represented a drop of $36/dmt at the mid-point compared with the previous month.

Cfr prices fell along with a fall in fob prices in northeast Asia. A fall in liquid bulk freight rates exacerbated the prevailing fall in cfr prices in southeast Asia. But falling cfr pries attracted firm buying interest for imports, especially from Indonesia. A total of 10 fixtures emerged mainly for June loading and July arrival, out of which seven fixtures totalling 46,000dmt were heading to Indonesia.

Domestic parity prices across the region also increased in response to the arrival of higher priced imports, especially of northeast Asian origin. Increased buying interest among downstream manufacturers also prompted producers and traders to hike their offers.

While northeast Asian freight rates have eased from above $90/dmt to around $80s/dmt for common ports in southeast Asia, the availability of vessel space also increased compared with this year's Q1. But an arbitrage emerged for India-origin cargoes, as freight rates for the India-southeast Asia route of slightly below $60/dmt opened up export opportunities for Indian cargoes to southeast Asia. Two cargoes of Indian origin were heading to southeast Asia.

Domestic caustic consumption in Indonesia has recovered as many upstream and downstream manufacturers have resumed production. Domestic delivered prices were assessed higher at 4,900-5,500 rupiah/lkg delivered, as producers continued to push for price hikes in response to the demand recovery from domestic producers and imports. Several new RFQs from oleochemical, mineral processing plants and rayon producers were issued.

Besides supplies from domestic producers, a total of 46,000dmt of imports of mainly Chinese origin and a smaller proportion of India-origin cargoes were concluded for July arrival to meet their caustic requirements. But a maintenance shutdown for both major producers are scheduled around August.

Malaysian domestic delivered prices continued to trend higher to 1,200-1,250 ringgit/lmt delivered ($520/dmt) to response to the arrival of higher priced import cargoes. The market is also showing signs of a continuous demand recovery, especially from the metal processing, petrochemical and chemical industries. Three import fixtures emerged at $460-468/dmt cfr of Thai- and China-origin cargoes for June-July arrival.

May delivered prices of caustic soda in Thailand were assessed higher at 8,300-9,500 baht/lmt ($482/dmt) as demand continued to recover. Supply positions in the country were a little tighter as producers scaled down operations earlier for maintenance.

Producers also floated some exports into neighboring markets at $460/dmt cfr. No imports were reported in May, as traders were unable to secure competitive imports cargoes because of a rapid rise in cfr offers. But the arrival of two import cargoes may pose some tough price competition to domestic producers.

Some export cargoes were floated at $460/dmt cfr into neighboring markets to ease some of the rising inventory pressure with all the production sites running at their optimal pace. A fixture of China-origin was heading to Singapore priced at around $460/dt cfr.

India

India's domestic caustic soda prices were assessed at 33,000-33,500 rupees/dmt ($377/dmt), excluding tax and delivery, rolled over from last week, setting the monthly range at Rs30,000-35,000/dmt. Domestic parity prices were significantly higher, reaching Rs35,000/dmt towards mid-May because of renewed buying support. Downstream manufacturers and traders were restocking before the onset of the monsoon season, which is expected to start in early June.

Producers were also trying to push for price hikes to Rs37,000/dmt in response to steady buying support. Producers were also trying to divert more volumes into the export market with selling ideas of around $400-410/dmt fob, in tandem with the rise in northeast Asia fob prices to maintain a tighter balance in India.

Two fixtures done at around $380-390/dm fob heading to southeast Asia eased inventory pressures, especially in the east coast India market. Lower freight rates from India have opened up more export opportunities for more India-origin cargoes heading to southeast Asia. India's domestic prices are expected to remain under pressure in the

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near-term because of slowing consumption as the monsoon season approaches.

Alumina

Caustic soda consumption at alumina refineries across Asia remained relatively steady. This helped to stabilise domestic prices across most markets, especially in India and China, keeping the supply position a little more balanced.

Rising merchant chlorine netbacks and firm demand for merchant chlorine prompted Chinese producers to boost output, resulting in an inventory build-up. Overall operating run rates hit a new high of 92-93pc in mid-May, pushing contractual prices for the alumina sector broadly lower for May delivery.

Latest contractual delivered prices of the 50pc grade fixed in Shanxi province fell further by another 200 yuan/dmt to around Yn2,490/dmt. Shandong May delivery ex-tank prices also fell further to Yn680/lmt. Henan delivered prices for the 32pc grade also settled lower to Yn2,500-2,620/dmt.

Most alumina refineries and mineral processing plants in Indonesia bought their caustic soda from China or from domestic chlor-alkali producers to meet their rising caustic demand. Two spot import fixtures of Chinese origin were done at $455-460/dmt cfr, while other caustic requirements were fulfilled with domestic supplies based on index-linked prices. Negotiations for term supply contracts for 2025 with alumina refineries in Australia have started and are expected to be completed by the end of this year's Q3.

Solid caustic soda

Chinese export prices for flake were assessed at around $465-470/t fob, rolled over from last week, putting the monthly range at $460-470/t fob. This represents a rebound of $7.50/t at the midpoint from the previous month. China's fob prices have almost stagnated during the past 4 weeks. But the rebound was attributed to the rise in liquid feedstock prices and reduced export availability as domestic consumption rose.

99pc solid export fob China		*$/dmt*
Timing	**Low**	**High**
May	460	470
Week 22	465	470
Week 21	465	470
Week 20	460	465
Week 19	460	465
Week 18	460	465

Although China's fob prices have largely stagnated, cfr prices were trending upwards in response to the sharp increase in northeast Asian freight rates for containerised cargoes. This affected most containerised flake cargoes and lifted cfr prices significantly higher, while keeping base prices relatively steady. Cfr prices of Chinese origin offered to southeast Asia were higher at $520-540/t and are expected to rise further.

Offers from other non-China origin sellers have also been hovering at around $450-460/t fob to stay competitive. But caustic soda pearls of southeast Asian origin were priced at around $680-690/t cfr, targeting niche markets around the region.

Domestic flake ex-plant prices in China fell broadly lower in the first half of the month because of a fall in liquid feedstock prices and contractual prices for the alumina sector for May deliveries. But ex-plant prices began to rebound in the latter part of the month in response to the rebound in liquid feedstock prices and renewed buying support, especially from the alumina sectors in the inland market. Falling prices have attracted strong buying interest among traders to restock.

Mainstream ex-plant prices in Inner Mongolia settled higher toward the end of the month at around Yn2,830-2,850/t, while ex-plant prices in Shandong held firm at Yn2,950-3,100/t. Ex-plant prices are expected to remain largely steady and rangebound in the coming weeks because of renewed buying support from the broader downstream and trading firms, especially from the alumina sector, and a continuous rise in liquid prices.

Potassium hydroxide

A rise in caustic soda prices in Asia, firmer KCl feedstock prices and recent sharp rises in freight rates for containerised cargoes have helped to lift cfr prices broadly higher across most of Asia, especially for China-origin cargoes, although base prices remained relatively unchanged.

Recent sharp rises in freight rates for containerised cargoes have doubled freight rates from northeast Asia, especially of China ports. This lifted cfr prices by around 5pc from the previous month. But the recent constraint in trade flow of northeast Asia cargoes to the European markets have cooled off, although freight rates remained relatively firm.

South Korean producers have opted to maintain their cfr offers for 96pc KOH flake at around $850/t for Q2, while Chinese producers hiked their offers significantly higher this month to $890-910/t, putting the cfr monthly range at $850-910/t with a wider price differential between China and South-Korea-origin.

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Chinese producers have also raised their May cfr offers for 48pc liquid KOH at around $600-610/lmt, while South Korean have opted to maintain their offers in May at $570-580/lmt cfr for Q2, setting the monthly cfr price range at $570-610/lmt. Cfr prices for flake and liquid KOH are expected to remain relatively firm in coming months because of higher freight rates as freight rates are not expected to ease anytime soon.

Chlorinated derivatives

Domestic merchant liquid chlorine ex-tank prices in China hits a high of 400-500 yuan/t in the early part of May, holding firm with merchant chlorine in its peak season for many chlorinated downstream industries. But ex-tank prices began to slide, although they remained in positive territory.

The fall was attributed mainly to slowing demand as resistance to high prices gradually built up, forcing more downstream manufacturers to scale down or opt for maintenance because of eroding operating margins. Mainstream ex-tank prices in Shandong province for truck delivery settled lower at Yn300-400/t, while ex-tank prices in Jiangsu also settled sharply lower at Yn100-200/t.

More chlor-alkali plants are also shutting down, reducing supplies of merchant chlorine that kept merchant prices in positive territory. China's merchant liquid chlorine ex-tank prices are expected to remain under downwards pressure as supply shrinks because more plants shut for maintenance.

Indian merchant liquid chlorine prices remained negative, hovering at around -3,000 rupees/t to -Rs2,000/t ex-plant as some chlorine downstream manufacturers halt or cut their chlorine consumption.

In the absence of new spot fixtures, notional cfr prices for ethylene dichloride (EDC) in Asia were assessed at $270-300/t to reflect the prevailing buying idea around a high $200s/t cfr, while discussions were around $300/t cfr.

A rise in vinyl prices helped to lift price sentiment for EDC and lifted the low end of prices a little higher compared with last month's assessment. Limited availability saw trading firms with a firm hold on their offers at $300/t cfr China. The wide bid and offer range prompted a stalemate among buyers and sellers.

Other EDC fixtures to India, southeast Asia are based on index-linked prices. Demand for spot EDC remained largely subdued because of prevailing polyvinyl chloride prices, especially in northeast Asia. Tightening supplies in the domestic China market because of scheduled maintenance lifted ex-tank prices of domestic EDC to Yn2,620-2,660/t. Shanghai Chlorine-alkali Chemical shut its 720,000 t/yr EDC unit for maintenance, resulting in a domestic supply shortage.

Polyvinyl Chloride (PVC)

PVC prices were a little firmer this month. Gains in China's PVC futures lifted China PVC prices. Selling ideas for exports on a fob basis also rose following an increase in Taiwan Formosa's June PVC nominations.

Formosa's June PVC price nomination rose by $20/t. Cfr China prices increased by $20/t to $795/t, while cfr India prices were up by $30/t to $830/t. Offers for cfr southeast Asia were also higher at $790/t, up by $20/t. Fob Taiwan offers were $750/t, up by $20/t compared with last month.

The new mortgage easing policy in China helped boost China's PVC futures to 6,475 yuan/t. Gains in PVC futures lifted domestic prices, with ethylene-based PVC prices up to a near three-month high of Yn5,850-6,200/t. Carbide-based PVC prices were at Yn5,850-6,200/t, the highest level since October last year.

Higher domestic prices also resulted in sellers raising their exports indications. Selling ideas for ethylene-based PVC were at $750-760/t fob China. Some deals were done at $750-760/t fob China. Selling indications for carbide-based PVC rose to $740-750/t fob China, with some sellers quoting offers as high as $760/t fob.

Export activity has increased as buyers, initially reluctant in purchasing material from China because of high freight costs, have slowly factored this in and began to import PVC on a need-to basis, according to market participants.

Operating rates among PVC plants were estimated at 74pc, while run rates for carbide-based PVC plants were at 73pc and ethylene-based PVC units at 75pc. Hangjing shut its 60,000 t/yr carbide-based unit on 22 May for a week, while Shandong Xinfa is expected to restart its 400,000 t/yr unit on 24 May.

Shanghai Chlor-alkali Chemical shut its 90,000 t/yr ethylene-based PVC unit on 20 May for a 30-day maintenance. Downstream operating rates were stable at 52-54pc. There were no discussions in the cfr China market. Prices were adjusted higher to $740-795/t because of gains in domestic prices.

Indian s-PVC import prices edged higher by $35/t to $830-860/t cfr, bolstered by higher freight costs from various destinations and firm domestic demand. Most of the cargoes offered were Chinese ethylene-based s-PVC cargoes. The market sees no short-term easing because of a rise in containerised freight rates from China.

Ethylene-based s-PVC was offered at $835-860/t cfr, while carbide-based s-PVC prices were also offered in a similar range. Most Taiwanese, Japanese and South Korean s-PVC

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producers had already sold out their export allocations to India earlier in the month. But they were closely monitoring the higher freight cost impact and production maintenance schedules across global PVC markets.

US sellers were receiving bids of $830/t cfr, stating that they could not go lower than Chinese cargoes. Indications emerged for some cargoes from Saudi Arabia and others from Taiwan, which were not previously offered to the Indian market, at $900/t cfr and above.

An Indian producer raised domestic s-PVC prices by 3 rupees/kg, effective from 22 May, to align better with rising prices from the import market. No new offers emerged from domestic trading firms in India. Indian demand remains adequate for May but was noticeably slower because of higher import prices and continuing elections in the country.

Paste PVC (e-PVC), import prices were assessed at $1,000-1,050/t cfr India. A widening import price range was mainly the result of limited fresh offers from most northeast Asian producers, as they continue to evaluate the impact of higher freight costs to their delivered prices. Chinese carbide-based s-PVC offers were offered at $1,050-1,070/t cfr. But these were not trading widely yet, as buyers preferred to wait for alternative cargoes from other sources.

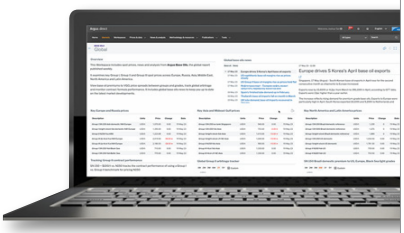


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