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Argus Methanol

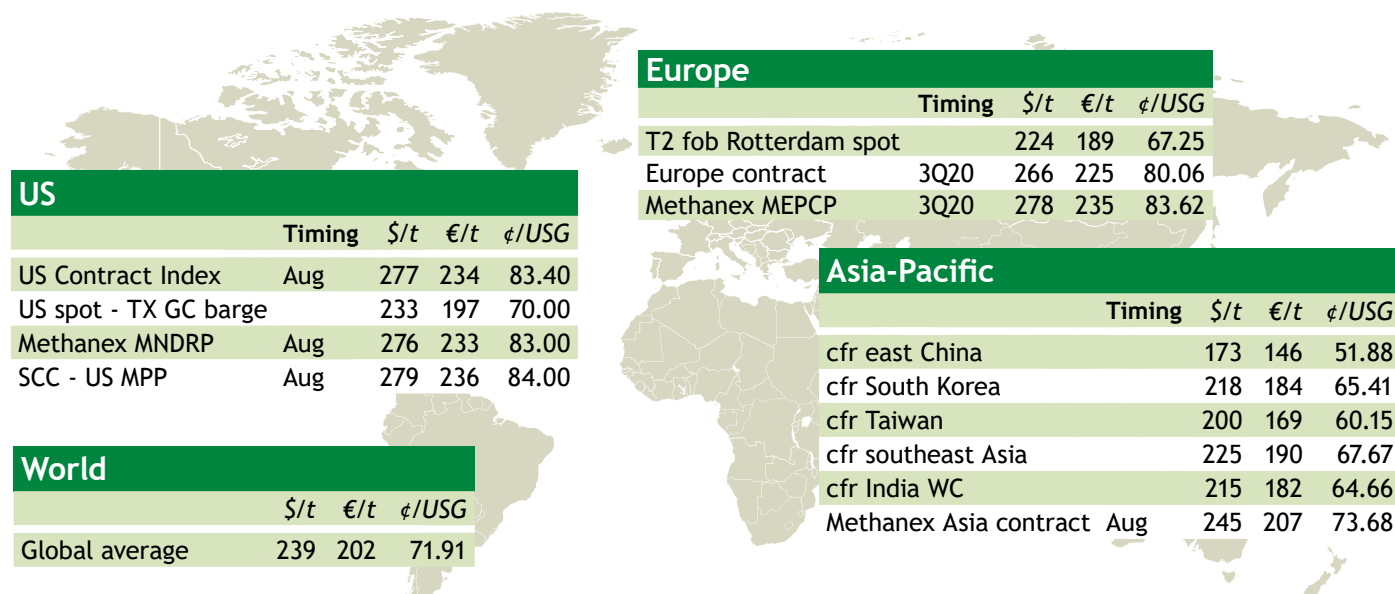
Formerly Jim Jordan & Associates Global Methanol Report

Issue 20-33 Friday 14 August 2020

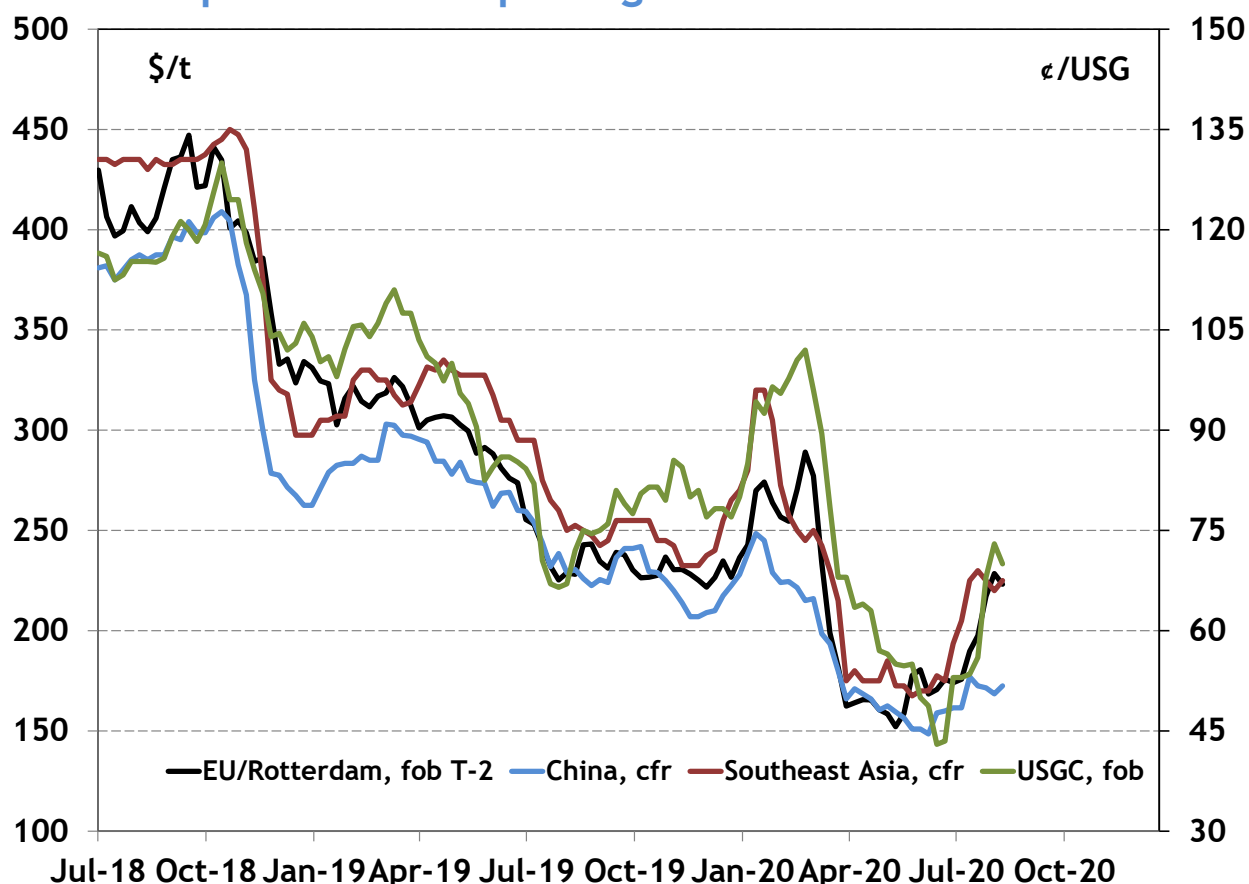
MARKET SNAPSHOT

Global prices									
14 Aug					July				
US		¢/USG	±	\$/t	±		¢/USG		\$/t
US Contract Index - range		83.00-84.00		276-279			78.00-83.00		259-276
US Contract Index - wtd avg		83.40		277			80.10		266
Methanex MNDRP		83.00		276			83.00		276
SCC - US MPP		84.00		279			78.00		259
US spot - TX GC barge	14 Aug	70.00-70.00	-3.00	233-233	-10	31 Jul	66.00-70.00		219-233
	7 Aug	73.00-73.00		243-243		24 Jul	54.00-58.00		180-193
						17 Jul	53.00-54.00		176-180
						10 Jul	53.00-53.00		176-176
						2 Jul	50.00-56.00		166-186
US spot - TX GC barge wtd avg							55.15		183.37
USGC fob contract, non-discount		83.00-84.00		276-279			78.00-83.00		259-276
Truck/railcar		¢/USG	±	\$/t	±		¢/USG		\$/t
fob USGC		70.00-72.00		233-239			60.00-64.00		200-213
fob US northeast		73.50-76.50		244-254			64.50-67.50		214-224
fob US southeast		73.50-76.50		244-254			64.50-67.50		214-224
fob US Midwest		88.00-92.00	+6.00	293-306	+20		82.00-86.00		273-286
Canada		C\$/t	±	\$/t	±		C\$/t		\$/t
Western Canada distributor price		460		347			460		347
Asia-Pacific		¢/USG	±	\$/t	±		¢/USG		\$/t
cfr east China		42-62	+1.20	140-205	+4		40-61		133-204
cfr South Korea		65-66		215-220			60-66		200-220
cfr Taiwan		59-62	-1.50	195-205	-5		57-63		190-210
cfr southeast Asia		66-69	+1.50	220-230	+5		60-71		200-235
cfr India WC		62-68	-1.51	205-225	-5		60-72		200-240
Methanex APCP		74		245			65		215
China domestic		Yn/t	±	\$/t	±		Yn/t		\$/t
East China domestic spot		1,520-1,600		171-181			-		170-192
South China domestic ex-works		1,670-1,700		186-189			-		175-186
Europe		€/t	±	\$/t	±		€/t		\$/t
Europe contract		225		266			225		266
Methanex MEPCP		235		278			235		278
T2 fob Rotterdam spot		188-190	-4.00	222-225	-5		156-186		184-220

INDUSTRY EQUIVALENT



Global spot methanol pricing



GLOBAL METHANOL INDUSTRY RECAP

■ Economy/Covid-19 weekly tidbits:

■ Per Oxford Economics, the latest GDP figures confirm global economies shrank at unprecedented levels for Q2. For the US, following a 5pc (annualized) drop in Q1, Q2 fell by 33pc (annualized), ranking third worst in the last century. While Q3 sees recovery, this is now moderating as further stimulus packages are needed, with 2020 GDP expected to be -4.0pc. 2021 GDP is expected to grow 4.3pc. Eurozone GDP fell by 12.1pc in Q2. While there is strong rebound seen in Q3, this is also expected to tail off as Covid-19 cases are again on the rise in several countries. Full year 2020 GDP is now forecast to contract 7.8pc, with 2020 to grow 6.4pc. China saw Q2 GDP rise 3.2pc (year-over-year), with forecasts for all of 2020 raised to 2.5pc. 2021 is expected to rebound to 7.9pc.

■ Methanol industry production sees Asia-Pacific

supplies returning (sans a minor blip), while the Atlantic basin manages unexpected Trinidad and Venezuela outages. As such, spot prices are a bit more mixed in Asia while recent spiking Europe and US spot prices begin to tail-off as it appears recent marketer/producer buying subsidies. The two Metor units in Venezuela will (each) undergo around 2-week's of downtime in August. These supply losses (in addition to the recent Trinidad outage) have tightening supplies and forced marketer/producers to dive into the spot market for replacement product. It appears production losses are mostly replaced, for now, but the industry will have to see how long the Trinidad outage lasts, which could impact further spot sourcing needs. The two large Russia-based methanol units begin their traditional August/September turnarounds, which will likely impact exports to Europe and further narrow the European supply/demand balance.

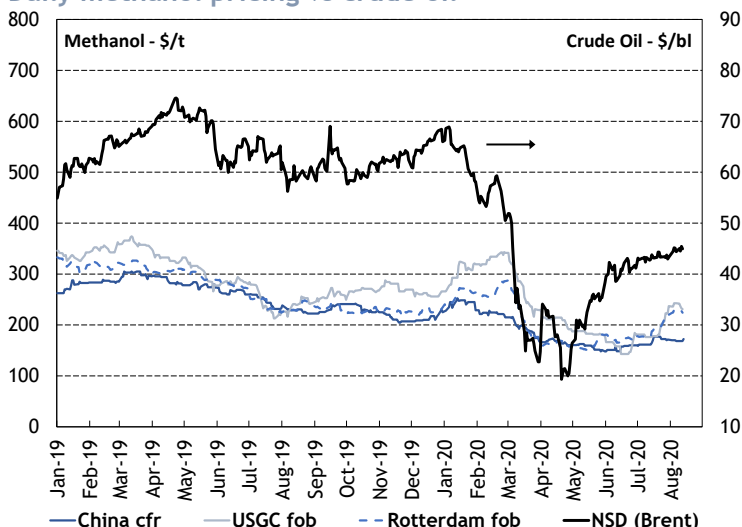
■ Methanol demand (globally) continues to improve, but few countries (if any) are back to pre-coronavirus demand levels. China's MTO sector continues to run near full-out, which underpins industry "strength", but at the same time this large demand sector has limited upside. The looming issue(s) remain the coronavirus impact and whether or not "second waves" will again negatively impact global economies and/or methanol demand.

■ Asia-Pacific sees spot methanol prices move +/- \$5/t (depending on country) as supplies remain adequate, but not at excess levels as in months past. Traditional methanol supplies from southeast Asia and the Middle East have mostly returned (sans a minor blip this week). China coastal inventories drop as offtakes improve and imports poised to be reduced in the coming weeks. One of the new Iran producers is apparently posting a 120,000t tender for August/September, finally acquiring spot vessel availability. Spot prices in China inch-up a few dollars on lower inventory and active futures trading. Southeast Asia prices firm \$5/t, recovering the dip last week. India sees its spot price range drop \$5/t while a wide range in buy-sell ideas limit actual trading. Fears of increasing Covid-19 cases thwart any bullish sentiments.

■ US spot prices see a dip this week, dropping 3¢/USG after spiking to 73¢/USG levels last week, which had been underpinned by unexpected Trinidad and Venezuela outages forcing marketer/producers to jump into the spot market for replacement cargoes. Assuming replenishments are near complete and no other unexpected outages, it's likely to see spot prices continue to slip, returning to pre run-up levels.

■ Europe sees spot prices slip €4/t, likely following the US trend with decreased marketer/producer buying interest as well. Like the US, the flurry of recent Atlantic basin outages, combined with a number of short outages in Europe underpinned the recent run-up. Current/planned Russia turnarounds will reduce exports and likely keep Europe in a "more balanced" position through September.

Daily methanol pricing vs crude oil



OPERATIONS OVERVIEW

Americas – “US Gulf coast operations continue to run well. South America units remain down.”

- M5000 (Trinidad) suffered a steam pipe rupture in late July, forcing shut down. There has been no official update as to when the unit may return to service.
- Venezuela’s Metor 1 and 2 will take outages in August. The No. 1 unit is down from 3-15 August, while the No. 2 unit will be down 4-18 August.

Europe/Russia – “Northwest Europe methanol production still sees one producer with capacity offline. Another producer outage is upcoming. Large Russia export-oriented units begin typical August/September turnarounds.”

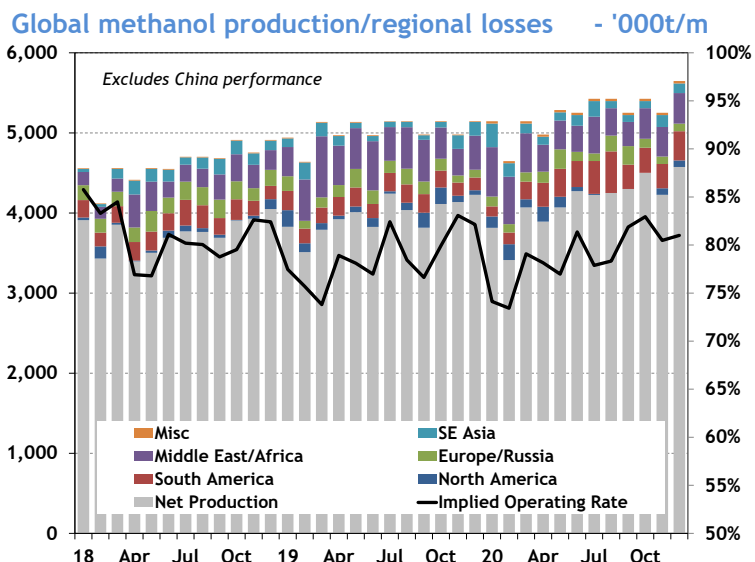
- Equinor is believed to have had a short turnaround recently but is currently understood to be running well. The company had plans for a turnaround originally planned in Q2, but an updated schedule is unavailable.
- OCI Netherlands production remains reduced, although we believe one of the two units is running strong.
- Shell’s Wesseling refinery (in Germany) will conduct maintenance across the whole site from end-August to mid-October. While the company has yet to comment, it is probable the methanol unit will be down during this time as well.
- Libya’s methanol production is currently offline.
- Russia’s Metafrax began its planned turnaround at the beginning of August and is expected to undergo maintenance for 45 days. Tomsk is understood to begin its planned maintenance in 1H Sept, but duration is unknown; although typically 3 weeks.

Middle East/Africa – “All Middle East production reportedly running to plan.”

- Zagros again reports both units running at 85pc this week.
- Kaveh last reports its operating rates at its 2.3mn t/yr unit at 65pc.
- Fanavaran is operating its unit at 90pc this week.

Southeast Asia/India – “Southeast Asia production likely sees very minor upset this week.”

- Kaltim Methanol is running its unit at full rate this week. The producer is planning its usual annual maintenance in the October-November timeframe.
- Brunei Methanol resumed production as July ended, reporting 90pc operating rates since last week.



NORTH AMERICA

2020 North America/South America methanol unit production/outage schedule

Major facilities - '000t

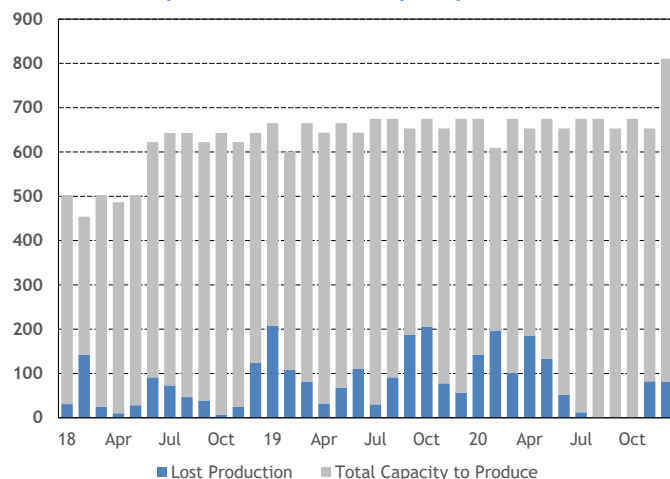
Smaller units not shown but included in capacity and production loss figures

COMPANY	LOCATION	CAPACITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Methanex #3	Canada, Medicir	600												
Pemex	Texmulcan, ME>	180												
OCI North America	Beaumont, TX	1030	MMMM	MM			o							
Natgasoline LLC	Beaumont, TX	1650		o	o	OOO	O							
Fairway LLC	Clear Lake, TX	1500	M	MMMM	m o	o			o					
Eastman	Kingsport, TN	195												
Lyondell/Basell	Channelview, TX>	780			MMMM	MMMM								
Lyondell/Basell (Millennium)	Deer Park, TX	680												
Methanex Geismar #1	Geismar, LA	1000					MM							
Methanex Geismar #2	Geismar, LA	1000						MM					MMMM	
Pampa Fuels LLC	Pampa, TX	65												
Yuhuang/Koch	St. James Parish	1600	UC	UC	UC	UC	UC	UC	UC	UC	UC	UC	UC	UC
Methanex #1	Chile	800	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Methanex #4	Chile	840	r r r r	MM	MMMM	r r r r	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l
CMC (M2)	Trinidad	550			r r r r	r r M M	M M m r	r r r r	l l l l	l l l l	l l l l	r r r r	r r r r	r r r r
Methanol IV (M4)	Trinidad	550						r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
TTMC #1 (M1)	Trinidad	450	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l
TTMC #2 (M3)	Trinidad	550	r r r r	r r r r	r r r r	r r l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l
MHTL (M5)	Trinidad	1900							o	o o o				
Titan - Methanex	Trinidad	850	r r r r	r r r r	r r l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l
Atlas Methanex/BP	Trinidad	1750	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
CGCL/Mitsubishi	Trinidad	1000	UC	UC	UC	UC	UC	UC	UC	UC	UC	UC	UC	UC
Metor	Venezuela	850								m M				
Metor 2	Venezuela	850								M M				
Supermethanol	Venezuela	790	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l
Total Nameplate Capacity		22,475	1,688	1,525	1,688	1,634	1,688	1,634	1,688	1,688	1,634	1,688	1,634	1,909
Lost Capacity/Production		4,668	268	344	322	485	482	376	423	519	304	314	386	447
Effective Capacity/Production		15,427	1,420	1,181	1,366	1,148	1,206	1,258	1,265	1,169	1,330	1,374	1,247	1,462
			84%	77%	81%	70%	71%	77%	75%	69%	81%	81%	76%	77%

I = Idled Plant
R = Reduced Rate OperationS = Standby (Mothballed)
UC = Under ConstructionM = Planned Maintenance
O = Operational Problem

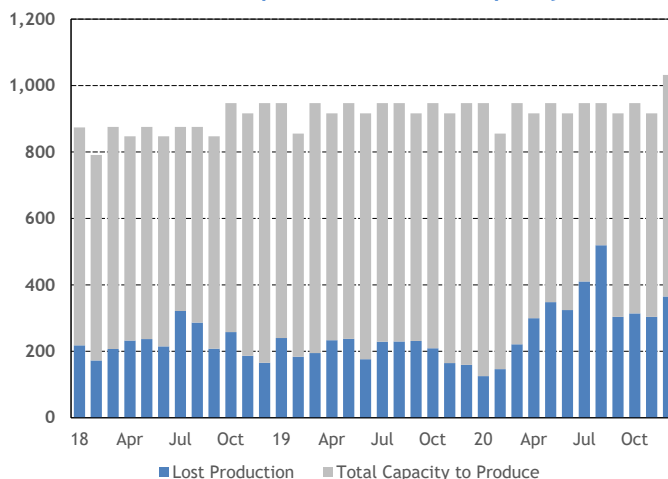
US methanol production losses/capacity

- '000t



S. America methanol production losses/capacity

- '000t



The “excitement” underpinned by recent Atlantic basin methanol production outages seems to be waning a bit this week, as spot prices begin to soften from last week’s highs of 73¢/USG. This week sees spot values drop to 70¢, with one aggressive buyer floating 60¢/USG as a bid late week. The reversal in spot pricing seems logical, as once marketer/producers replenish lost production, their exit from spot buying also removes the underlying strength witnessed the last two weeks. However, whether spot prices return to mid-50’s levels will wait to be seen.

While in our views the industry remains in oversupply, the gap between supply and demand has clearly narrowed, as general methanol demand returns versus the rising number of planned/unplanned methanol production losses reducing supplies in the last couple of months. We can still expect to see intra-regional issues arise and drive stron-

NORTH AMERICA

ger spot prices, but this will be based on local/regional unexpected supply-side issues and not particular strength in methanol demand.

Looking forward, and “assuming” no more notable supply losses, we could expect US posted pricing to have peaked in August. However, this does not mean lower posted prices are to be expected any time soon. Methanol demand is improving—albeit slowly—and producer/marketers still struggle with “low” methanol values. Its likely the next inflection point will be underpinned by the start-ups of Yuhuang Methanol One and/or Trinidad’s new CGCL unit. While timing remains elusive for both, end 2020/start of 2021 seems to be reasonable expectations for new Atlantic basin capacity. The US will clearly move to oversupply with the additional Yuhuang capacity. The buy-side is keenly aware of this and will likely be more aggressive in pricing as this new unit commissions. Timing is key as well as 2021 contract discussions will begin, with buyers here too expecting more aggressive proposals.

As noted, we see methanol demand increasing slowly. As auto and construction performance improves, so does the need for formaldehyde, acetic acid, MMA, etc. These various sectors saw demand losses of up to 20pc levels in April/May/June, but all report much improved market outlooks since. The MTBE sector sees an uptick in interest from Mexico (which has been long coming) suggesting MTBE export opportunities (and thus production) will improve.

The US, however, is fast approaching another Covid-19 “fork in the road”. With September approaching, education (at all levels) is set to return. While it continues to be debated, there will be the mass return of students to educational facilities. Some are opting for online education, but many states/cities expect in-person schooling to return as well. Already some states have been forced to quarantine hundreds of students/teachers due to spikes in coronavirus cases. Should this situation be repeated across the nation, the US will again be forced to implement drastic lockdown measures, again driving the US economy to a halt. This will directly impact discretionary spending (and likely re-spike unemployment) and again destroy consumer demand for most non-sustenance items, including auto and/or housing among many. Methanol demand could again see decline.

Market pricing

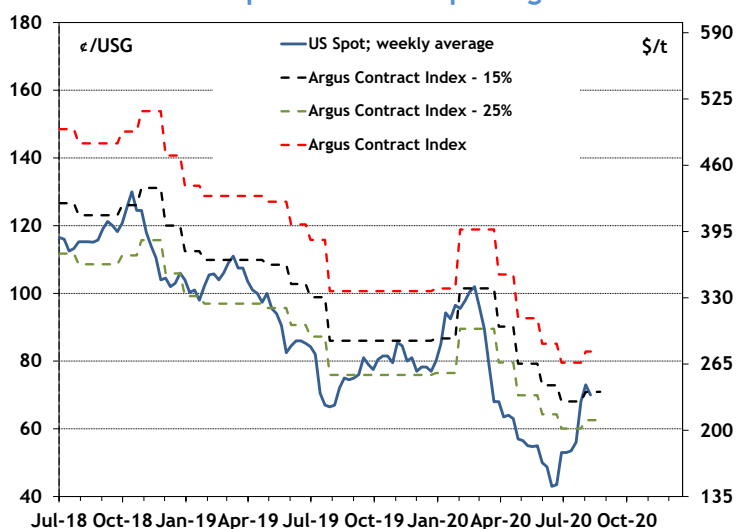
US spot methanol trading was less active as recent buying related to outages in Trinidad and Venezuela looked to slow down this week.

Only one trade was confirmed, on Wednesday, done at 70¢/USG, down 3¢/USG from the previous week. Methanol spot discussions were limited the rest of the week, but showed further weakness, indicating the next deal maybe done below 70¢/USG.

On Wednesday, an August fob ITC barge traded at 70¢/USG. On Thursday, August offers fell to 70¢/USG, but buyers stayed on the sidelines. A bid was seen at 60¢/USG on Thursday, but was not available as of Friday morning.

September discussions were also muted and last offered at 75¢/USG. September methanol is currently assessed at a 0.75¢/USG premium to August barrels.

USGC methanol spot & contract pricing



NORTH AMERICA

Based on August spot deals this week, Argus will post the week's methanol spot price at 70¢/USG (\$233/t; €197/t, down 3¢/USG on average from last week's posting.

The August methanol daily index averaged 69.95¢/USG, while the weighted average spot is currently at 69.70¢/USG. Spot averages will be locked on 26 August.

WTI crude futures rose to a five-month high this week as the US reported a third straight week of declines in domestic crude inventories. September Nymex light, sweet crude futures increased to \$42.23/bl. October Ice Brent rose to \$44.88/bl. The October Brent-October WTI spread narrowed to \$2.65/bl.

EUROPE

2020 Europe/Russia methanol unit production/outage schedule

Major facilities - '000t

Smaller units not shown but included in capacity and production loss figures

COMPANY	LOCATION	CAPACITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
BASF	Germany #1	330												
Shell/DEA	Germany	400	r r								MMMM	MM		
Mider	Germany	660												
BP RP	Germany	285	r r											
OCI	Netherlands	952	r r r r	r r r r	r r r r	r r r r	r r R R	R R R R	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Equinor	Norway	900					MMMM							
Central Europe	Various	400	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Tomsk PC	Russia	1000				r r r r	r r r r				MMMM	MM		
Metafrax(Gubakha)	Russia	1200								MMMM	MM			
Togliatti Azot	Russia	900												
Shchekino Azot	Russia	900				r r r r	r r r r							
Azot Tula	Russia	300				r r r r	r r r r							
SPP	Russia	160	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l	l l l l
Nevinnomysskiy	Russia	120												
Other Russia	Various	575	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR
Other CIS	Various	300	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR
SOCAR	Azerbaijan	720	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR	RRRR
Total Nameplate Capacity		10,102	858	775	858	830	858	830	858	858	830	858	830	858
Lost Capacity/Production		1,661	124	104	115	139	244	115	95	197	231	111	92	95
Effective Capacity/Production		8,441	734	671	743	692	614	715	763	661	599	747	739	763
			86%	87%	87%	83%	72%	86%	89%	77%	72%	87%	89%	89%

I = Idled Plant
R = Reduced Rate Operation

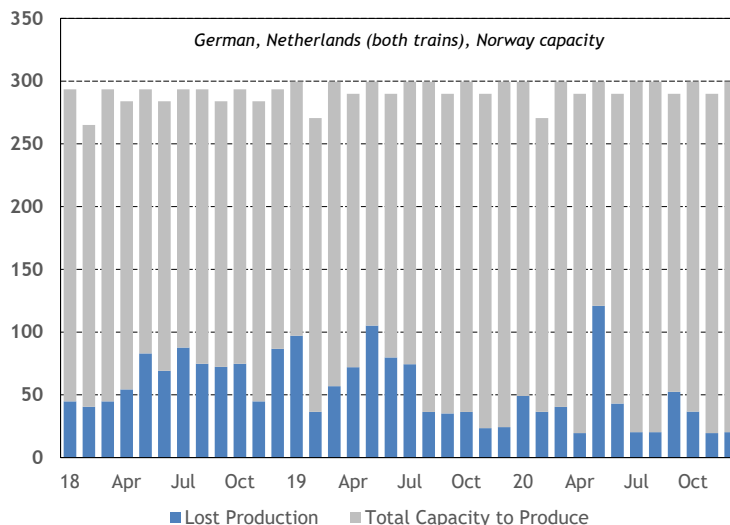
S = Standby (Mothballed)
UC = Under Construction

M = Planned Maintenance
O = Operational Problem

Spot methanol prices fell slightly this week, following thin trading activity, following the same trend in the US spot arena. Those marketer/producers who appeared more actively sourcing volumes the last couple of weeks likely need less spot product now, underpinning both the reduced activity and softer prices. Overall, the market remains fairly quiet during this traditional vacation period, but recent limitations in imports—the result of production issues in the US, Trinidad, Venezuela and Russia—as well as reduced domestic operating rates has clearly been supporting higher spot values in recent weeks.

European spot prices hovered at low €190/t levels this week, which is roughly where they were before coronavirus lockdown restrictions were

Europe methanol production losses/capacity - '000t



EUROPE

placed in most parts of Europe back in the March-April time period. Spot prices then dropped to a yearly low (thus far) of €140/t, back in May, when overall demand was hit the hardest by the pandemic.

Fundamentally, the market feels more balanced as mid-August is upon us. General inventory levels are reported at 60-70pc levels, slightly lower than what is deemed “typical” for this period in previous years. The current issue (i.e. lower levels) stems mainly from the supply side, with some domestic producers understood to be reducing operating rates during the summer period and imports from typical outlets now reduced. As noted, methanol imports from Venezuela and Trinidad remain limited, while product from Russia will be slowed as a result of yearly planned turnarounds (now in progress) for several export-based facilities.

Week Ending Methanol Price Range - €/t				
Spot -	Low	High	Avg	\$/t
17-Jul	164.0	168.0	166.0	189.8
24-Jul	170.0	170.0	170.0	197.5
31-Jul	180.0	186.0	183.0	217.2
7-Aug	193.0	193.0	193.0	228.5
14-Aug	188.0	190.0	189.0	223.2

The methanol unit in Gubakha (Russia) began its planned turnaround at the beginning of August, with plans to conduct maintenance work for approximately 45 days. Another large unit (in Russia) is expected to go off-line, for planned maintenance, in early-September. Thus, we expect “limited” European imports from Russia through the remainder of Q3.

For the region, despite recent hiccups in supply, most in the market report still being well-covered (on a contractual basis) so far this month. Low water levels along the river Rhine, resulting from persisting dry weather in parts of Germany and Switzerland this week is having minimal impact, for now, on barge loading capacities and methanol supply chains along the river.

Monitoring service Elwis recorded water levels near 140cm at the Kaub bottleneck late week, well below the 200cm threshold that allows certain barges to load there at full capacity. This will prove to be less of a challenge now than in previous years, as Rhine-based companies who rely on the Kaub bottleneck for logistic purposes took precautions and mitigations back in 2018-2019 in order to ensure safe passage of barges; even at extremely hot temperatures and low water levels.

Overall methanol demand continues to see a steady, but gradual recovery in Europe. The holiday period typically translates to lower volume intake from consumers in August compared to June and July, but with lockdown restrictions still in place in several countries, and the possibility of a second spike in coronavirus cases keeping the market cautious, August demand appears steadier than “subdued”.

Methanol demand into fuel-related applications (biodiesel and MTBE) continue to see the fastest recovery relative to other sectors. MTBE trades were plentiful throughout the week, with increasing demand for gasoline exports boosting requirements for octane components. Formaldehyde and MMA consumption into construction-related applications remains good, although even here the demand outlook remains uncertain. The summer period is typically a quieter month for construction activity, but while most firms continue to catch-up on previously lost orders and workload, concerns of a second virus wave is making consumers reluctant to buy ahead.

Market pricing

With most market participants away from the market, focusing more on vacation time and/or now having replaced lost production, spot market activity and price levels softened.

Offers for August product began the week at €194/t, but interest for prompt cargoes was scarce. Three August-loading cargoes changed hands on Thursday afternoon, with one 1,000t lot done at €188/t and the two other barge lots concluded at €190/t, all standard Rotterdam terms.

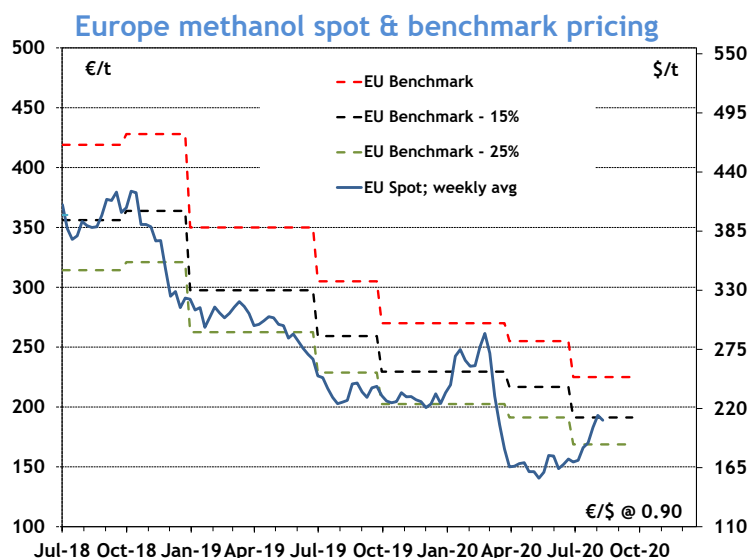
EUROPE

Details emerged of one trade conducted at €191/t on Monday, but it was unclear whether this was for August loading, or with flexibility in loading dates (August-September).

Interest for September barges remained subdued throughout the week, with offers between €194-198/t, but failing to attract adequate buying interest.

Interest for September barges remained subdued earlier in the week, with offers between €194-198/t, but failing to attract adequate buying interest. A trade for September-loading was finally concluded at €188/t on Friday afternoon.

Based on the deals concluded for August, Argus will post the spot methanol price range for the week at €188-190/t (nominal \$223/t; 67¢/USG), down €4/t on average from last week's posting.



Weekly Fuels and Octane Report

The Argus Fuels and Octane report provides weekly MTBE spot ranges for the US Gulf Coast, Rotterdam, Singapore and domestic China plus daily ranges for each region. The report also includes in-depth analysis of global octane market fundamentals, a large selection of blend calculations, US, Europe and Asia gasoline prices, and prices for feedstocks and associated markets.

Email us at petrochemicals@argusmedia.com to request further information or a sample copy

www.argusmedia.com/petrochemicals

Argus MTBE Outlook

Featuring a 13-month rolling price forecast for global MTBE and related markets

The MTBE Outlook provides global supply/demand data as well as price forecasting for MTBE. Pricing analysis is supported by Argus' portfolio of crude, gasoline, and natural gas prices and analysis. The new outlook complements the existing Argus Fuels and Octane Services.

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MIDDLE EAST/AFRICA

2020 Middle East/Africa methanol unit production/outage schedule

Major facilities - '000t

Smaller units not shown but included in capacity and production loss figures

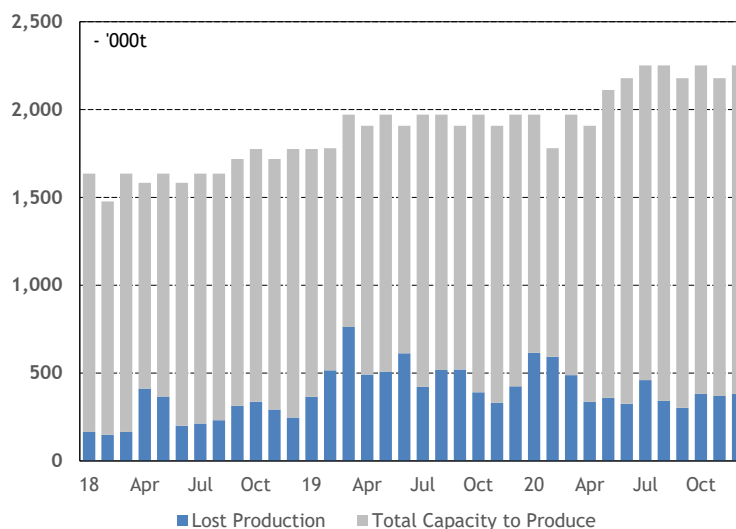
COMPANY	LOCATION	CAPACITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Gulf PC	Bahrain	465												
NPC-Shiraz	Iran	84												
Kaveh	Iran	2300	r r l l	l l l r	r r r r	r O o r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
NPC-Kharg Island	Iran	660												
NPC-Fanavar	Iran	1000	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
NPC-Zagros #1	Iran	1650	O O l l	l l l r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
NPC-Zagros #2	Iran	1650	r r l l	l l l r	r r r r	r r r r	r r r r	r r r r	r r o O	r r r r	r r r r	r r r r	r r r r	r r r r
Marjan	Iran	1650	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Bushehr	Iran	1650	UC	UC	UC	UC	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Kimiya Pars	Iran	1650	UC	UC	UC	UC	UC	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
NOC	Libya	660	RRRR	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
QAFAC	Qatar	1050	o O											
Ar Razi	Saudi Arabia #1	700	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Ar Razi	Saudi Arabia #2	700	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Ar Razi	Saudi Arabia #3	850	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Ar Razi	Saudi Arabia #4	850	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Ar Razi	Saudi Arabia #5	1650	r r r r	MMMM	MMMM	r O r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Nat'l MeOH	Saudi Arabia	1000												
IMC	Saudi Arabia	1200	O o											
Chemanol	Saudi Arabia	230	MM	M										
Oman Methanol Company	Oman	1150												
Salalah Methanol	Oman	1300							o					
AMPCO	Equatorial Guine	1150			MMM									
Emethanex	Egypt	1260		MM										
Total Nameplate Capacity		10,102	1,971	1,780	1,971	1,908	2,111	2,179	2,251	2,251	2,179	2,251	2,179	2,251
Lost Capacity/Production		4,956	616	593	489	336	359	326	460	342	302	382	370	382
Effective Capacity/Production		20,328	1,355 69%	1,187 67%	1,483 75%	1,571 82%	1,752 83%	1,853 85%	1,792 80%	1,910 85%	1,877 86%	1,870 83%	1,809 83%	1,870 83%

I = Idled Plant
R = Reduced Rate OperationS = Standby (Mothballed)
UC = Under ConstructionM = Planned Maintenance
O = Operational Problem

Middle East methanol production appears to be running “normally” this week, with no news of planned/unplanned outages.

The next Iran methanol unit on the horizon is Sabalan, with a capacity of 1.6mn t/yr. This unit was last reported in excess of 80pc completion a couple of months ago. While its possible this unit could start-up late this year, we look for this next new unit to commission in the mid-2021 timeframe.

Middle East/Africa methanol production losses/capacity



ASIA-PACIFIC

2020 Asia-Pacific methanol unit production/outage schedule

Major facilities - '000t

Smaller units not shown but included in capacity and production loss figures

Smaller units not shown but included in capacity and production figures														
COMPANY	LOCATION	CAPACITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Brunei Methanol Company	Brunei	850	r r O r	r r r r	r o O O	r r r r	r r r r	r r r r	MMm	r r r r	r r r r	r r r r	r r r r	r r r r
Kaltim	Indonesia	770											MMMM	MM
Petronas Chemicals	Malaysia	750	r O O O	O r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Petronas Chemicals	Malaysia	1650	O O O O	O r r r	r r r r	r r r r	r r r r	r M r r	r O O O	r r r r	r r r r	r r r r	r r r r	r r r r
China Capacity	Various	97215	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Methanex	Waitara	520	MMMM	M r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Methanex	Montunui	900	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Methanex	Montunui	900	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Other World	Various	570	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r	r r r r
Total Nameplate Capacity		10,102	8,477	7,656	8,646	8,368	8,646	8,368	8,944	8,944	8,737	9,029	8,737	9,029
Lost Capacity/Production		40,368	3,712	2,662	3,507	3,418	3,503	3,080	3,583	3,585	3,557	3,471	3,096	3,195
Effective Capacity/Production		63,212	4,764 56%	4,994 65%	5,139 59%	4,950 59%	5,143 59%	5,288 63%	5,361 60%	5,359 60%	5,180 59%	5,558 62%	5,641 65%	5,834 65%
I = Idled Plant					S = Standby (Mothballed)					M = Planned Maintenance				
R = Reduced Rate Operation					UC = Under Construction					O = Operational Problem				

I = Idled Plant
R = Reduced Rate OperationS = Standby (Mothballed)
UC = Under ConstructionM = Planned Maintenance
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Market summary

The Asia-Pacific methanol market was seen as mostly stable this week, with only +/- \$5/t moves seen in select countries, supported by balanced-to-tight supplies.

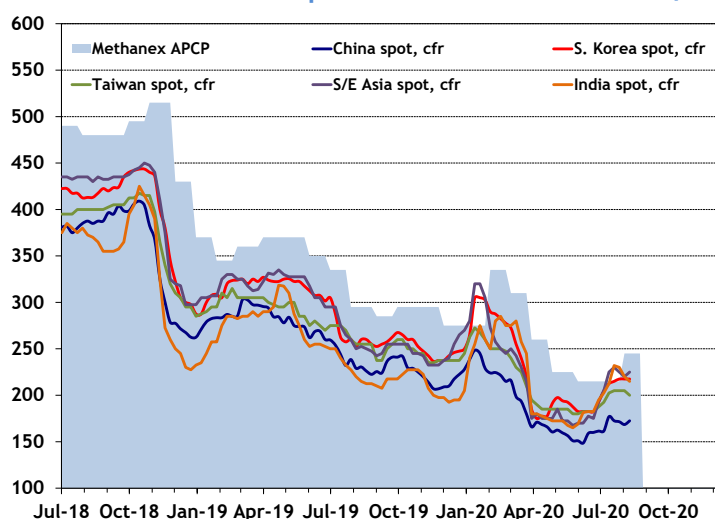
China domestic prices firm this week, underpinned by reduced coastal inventories and by an active futures market. The expectation of reduced imports in the coming weeks also looked to provide some bullish sentiments.

Excluding MTO, methanol demand across other derivative/countries remains soft, but most do see recovery ongoing. China's MTO runs at near capacity levels (excluding the one long-idled unit). One unit remains in turnaround, while another is expected to conduct maintenance in the late Q3/early Q4 timeframe.

Regional production was again slightly restricted this week as there were talks of an issue for a key southeast Asia-based producer. While not confirmed by the producer, others indicate this was a very minor blip. Elsewhere, there were talks of a sell tender issued by a new Iranian producer, for a 120,000t lot to be loaded in August and September.

Asia-Pacific methanol prices

- \$/t



ASIA-PACIFIC

China

The China spot methanol market looks to have been buoyed this week on the back of a dip in coastal inventory levels and increased futures players activity. Sentiment remains mixed as participants still see slowed recovery in some traditional downstream derivatives while others anticipate reduced imports due to recent regional supply issues.

In the import arena, two deals were concluded this week, with the first done at \$200/t, cfr China, for a small 1,500t parcel for end-August arrival, followed by the second done at a higher \$205/t, for a 5,000t September arrival lot. Otherwise, there were limited discussions to be found throughout the week. On Friday, some selling indications emerged for regional cargoes, at \$206/t, for September arrival lots, but had received no response.

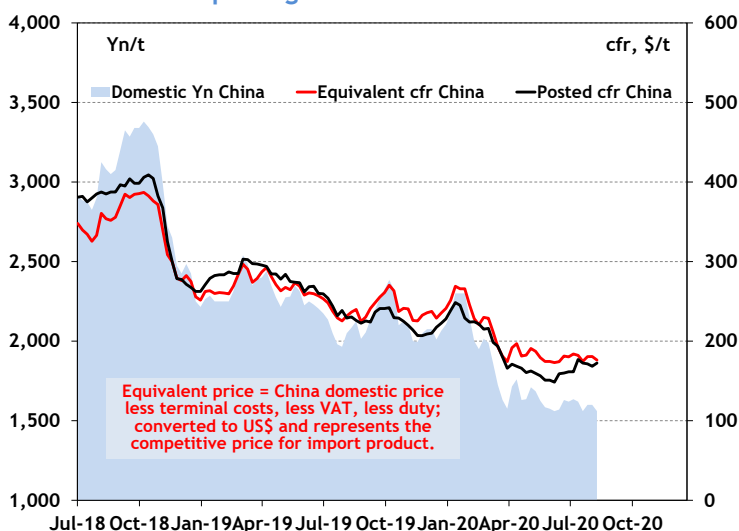
There were talks of a sell tender, by a new Iran producer, to China totaling 120,000t to be loaded in August and September. The tender would include 80,000t to be shipped in August, while another 40,000t would be expected to load in September. There was no confirmation available, but this producer is known to have started its new methanol unit earlier this year and has since been facing difficulties in finding vessels due to the ongoing sanctions, as well as Covid-19 related restrictions.

In terms of regional supplies, pockets of tightness continue as a southeast Asia-based producer could be still limiting volumes due to another round of production issues. In the Middle East, production remains steady, but the stronger requirement from India continues to pull/divert more cargoes in that direction.

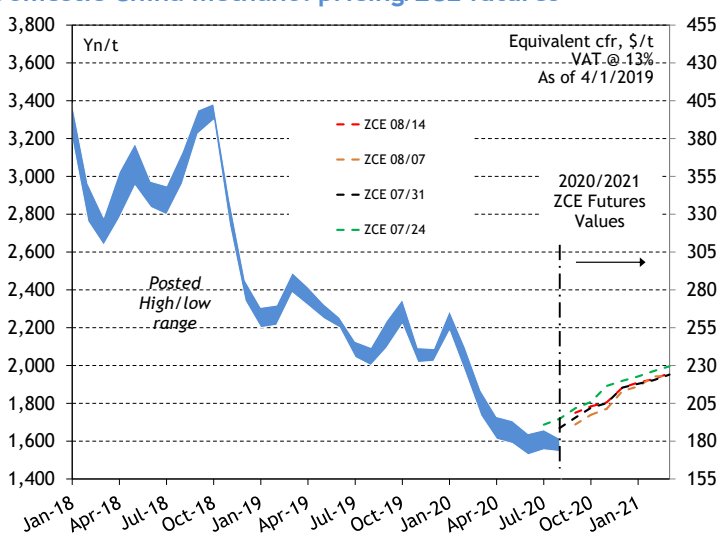
East China domestic spot methanol prices (import product) improved this week, after hovering in the low Yn1,600's/t levels, ex-tank, for almost three weeks. An apparent withdrawal of port inventories and short-covering activities by futures players looks to have supported market sentiment and prices.

Spot trades were done in the Yn1,650-1,670/t range, ex-tank east China (\$192-195/t import parity basis) at the opening of the week, up as much as Yn50/t from last week. Prices then continued

China methanol pricing



Domestic China methanol pricing/ZCE futures



ASIA-PACIFIC

to rise, in tandem with higher methanol futures, reaching a 13-week high in the Yn1,690-1,700/t range (\$197-198/t import parity basis) by the week's ending. Friday closing prices were up as much as Yn80-85/t from last Friday.

Port inventories declined for a second week, falling to a 6-week low of 1.31mn t. It was another significant destocking by nearly 85,000t from last week, following last weeks near 80,000t withdrawal. East China Jiangsu's stock levels dropped by 79,000t from last week, to 787,000t. South China's inventories decreased by 11,900t, to 253,300t. East China Zhejiang's inventories inched up by 6,000t, to 268,000t.

Port inventory levels look poised to fall further in the coming weeks as import supplies from South America, southeast Asia and the Middle East will likely be "limited" for August and September deliveries, due to previous production issues from these supply origins. The continuing Covid-19 recovery also looks to be driving improving methanol demand as well.

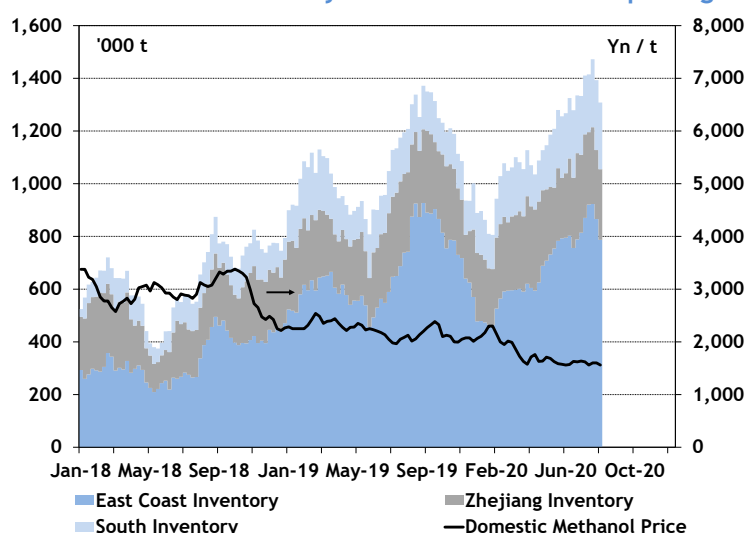
In addition to reduced inventories firming spot prices, we also see that tradable volumes in the east China market have become tighter recently. Futures and industrial players both are now seen buying spot cargoes and selling futures, seeing the attractive contango premiums which are now as large as Yn200/t against the January 2021 contract.

Conversely, in the inland market, spot methanol prices continued to inch down this week amid an ongoing supply glut. Ex-tank Inner Mongolia and northern Shaanxi province prices inched down to Yn1,230-1,250/t levels (\$141-144/t import parity basis), down Yn20-50/t from last week. Coal-based methanol producers continue to operate at high levels after a flurry of June-July's cut-backs. No major shutdown plans appear on the horizon through August (at this time) although coal-based methanol margins for many remain negative. Higher inland road transportation costs—due to less availability of tank lorries—is also seen squeezing producers' margins.

Looking forward, improving/emerging methanol demand from two olefin producers are likely to ease some of the supply pressures in the inland market soon. CTO producer Luxi Chemical plans to restart its 300,000 t/yr olefin unit (at Liaocheng in Shandong province) on 23 August after many delays. The company currently has no plans to restart its integrated upstream 800,000 t/yr methanol unit in the near future and hence is seen to be already started stocking-up on merchant methanol to prepare for the restart of its olefin unit. Their olefin unit will create as much as 70,000t/month of methanol demand at capacity. Meanwhile, another CTO producer—Shenhua Xinjiang—has commenced a 2-week shutdown at its 1.8mn t/yr methanol unit on 14 August, for maintenance. The company continues to operate its 680,000 t/yr olefin unit and hence will also source methanol from the merchant market during this time.

For the MTO sector, operating rates remain unchanged, holding at 87pc (excluding MTP's) or 93pc excluding the one long-idled MTO unit. The lone MTO unit currently in turnaround is Zhongyuan Ethylene's 200,000 t/yr unit, which shutdown from 24 July for a planned 3-month outage. Looking ahead, we understand Jiangsu Sailboat is planning a

China methanol inventory vs domestic methanol pricing



ASIA-PACIFIC

turnaround, but the company has yet to confirmed planned timing. The previous plan was to start the turnaround at the end of Q3.

MTO producers still see decent margins this week, despite higher feedstock methanol prices. If based on olefin production alone, general MTO margins drop to circa \$110/t levels this week, narrowing from last week's \$140/t estimates. Ethylene prices softened by 2pc, but losses here were partly offset by a 1pc increase in propylene values. Integrated MTO margins, sampling on three major east China-based MTO makers, decreased to about \$100/t, from last week's \$115/t levels. Ningbo Fund's margins almost halved this week, to about \$35/t, as downstream ethylene glycol, ethylene oxide and polypropylene prices were stable-to-soft. Zhejiang Xingxing's margins are estimated to be down about \$20/t from last week, at \$115/t. Jiangsu Sailboat's margins remain stable, estimated near \$145/t, with the help of higher ethylene vinyl acetate prices. Inland MTO margins were marginally lower this week, slipping to \$295/t levels as compared with last week's \$300/t.

In other derivative markets, the acetic acid sector looks to have recovered some losses this week, after seeing falling values the past 3 weeks. Prices look to be mainly tracking higher methanol prices as demand has yet to see much improvement. Average operating rates this week were maintained at circa 70pc levels. Elsewhere, MTBE prices edged-up this week following improving demand for gasoline in the domestic market. The easing of recent flooding and the recovery in the "tourism market" look to be boosting gasoline demand.

South Korea and Taiwan

In South Korea, views on ongoing "tight" supply at main ports underpinned steady prices this week. There were continued talks of recent supply disruptions from South America, adding to already seen recent re-supply issues.

Trade discussions were more wide-ranged, with fewer buying indications seen mostly at \$215/t levels, cfr Korea. Selling indications were seen at higher \$220-235/t levels, for 1H October arrival lots, from a trader and a Middle East-based producer. Cargoes for September arrival have been reportedly sold-out and hence initial talks for October arrivals were seen in the market. In the domestic market, spot prices remain at Korean won 285-290/kg levels, ex-tank basis.

Demand from the downstream sectors like MTBE and acetic acid is seen as firm, with producers like S-Oil and Lotte BP operating well presently. However, there has been a dip in downstream formaldehyde operating rates this week, slipping to 70pc levels, on the back of slowed demand for laminates. A long two-week spell of heavy monsoon has reduced demand for laminate making, while the ongoing hot summer condition has also added to the overall slowdown.

South Korea continues to see the start of second wave of Covid-19 infections, although the country has yet to re-impose a lockdown to control this second outbreak.

In Taiwan, there were no firm discussions seen through the week, as most buyers remain adequately covered by term commitments.

Buying ideas edged down slightly (\$5/t), to \$195/t, cfr Taiwan basis, while no selling indications were seen. Methanol demand from the downstream formaldehyde sector is reported as stable, with producers like LCY running units at 100pc.

ASIA-PACIFIC

Southeast Asia

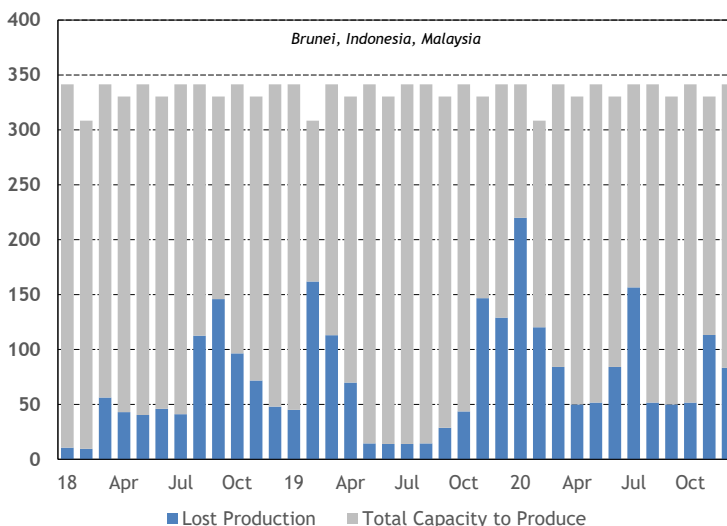
In southeast Asia, spot methanol discussions firmed this week, supported by ongoing “supply tightness” in the region. There were talks of production issues at a key producer’s unit this week, which appeared to have been quite minor. Meanwhile, production at Brunei Methanol has stabilized following its restart last month and is reported at near full rates this week.

One transaction was said to have been concluded this week, done at \$225/t, cfr Merak, with no further details or confirmation available. There were other buying indications seen at circa \$220/t levels and higher, cfr southeast Asia, for larger sized parcels for September arrival.

There were enquiries to purchase product (from smaller ports in southeast Asia) but due to limited offers from this region, or from Middle East-based sellers, there was interest to purchase re-exported material from China.

On an ex-tank basis, deals and talks remained at \$250-260/t levels through the week.

Southeast Asia methanol production losses/capacity - '000t



India

The Indian market sees methanol pricing discussed in a wider range as stable-to-weak downstream conditions continued to dampen expectations about the medium term.

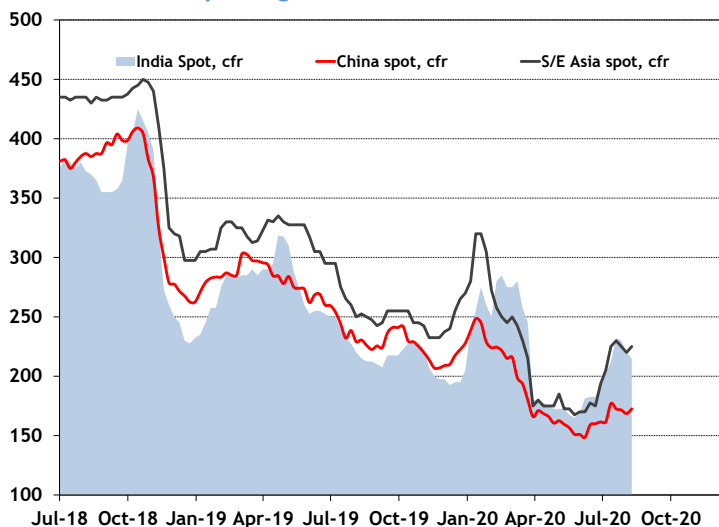
The rising number of Covid-19 cases (and its position as the country with the third largest outbreak) continues to exert bearish pressures on a market already struggling to make a comeback from the full lockdown seen through most of Q2. The methanol demand outlook remains mixed, due to the continuing partial lockdowns in selected zones within the country.

Some buying indications were seen at \$200-205/t levels, cfr India, while there were other buying indications for Middle East origin cargoes at higher \$215/t levels for September lots. Most offers, however, hovered at higher \$225-230/t levels. In the domestic market, prices were flat, holding in the Rs17.5-18.5/kg range, ex-tank.

Supplies remain snug from the Middle East, with most suppliers keenly watching the Indian market. Some were heard offering cargoes to India, while others had limited volumes due to other commitments.

India methanol pricing

- \$/t



CHINA MTO/MTP METRICS

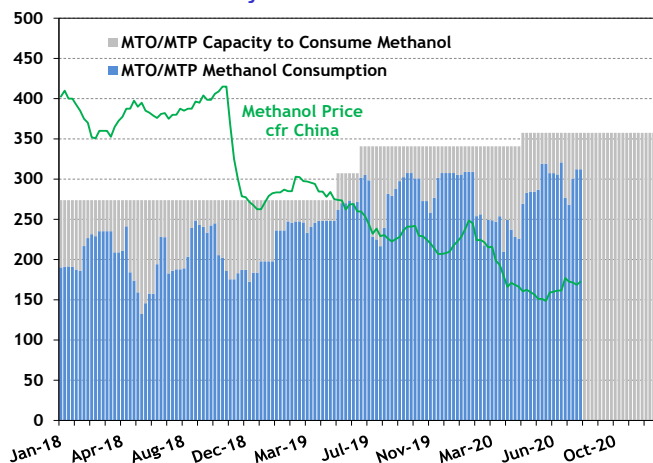
China MTO/MTP Producers - Operating Status

Start-up	Producer	Location	Process	Capacity	Olefin		Methanol		Operating Rates			
					Demand	Capacity	Demand	Capacity	24-Jul	31-Jul	7-Aug	14-Aug
Oct-11	Sinopec Zhongyuan Ethylene	Puyang, Henan	MTO	200	580	-	0%	0%	0%	0%	0%	0%
Feb-13	Ningbo Fund Energy (former Skyford)	Ningbo, Zhejiang	MTO	600	1,740	-	100%	100%	100%	100%	100%	100%
Sep-13	Chengzhi Nanjing Clean Energy	Nanjing, Jiangsu	MTO	300	870	500	80%	80%	80%	80%	80%	80%
Nov-14	Shandong Shenda Chemical (Levima)	Tengzhou, Shandong	MTO	460	1,334	-	100%	100%	100%	100%	100%	100%
Apr-15	Zhejiang Xingxing Chemical	Jiaxing, Zhejiang	MTO	690	2,001	-	100%	100%	100%	100%	100%	100%
Jun-15	Yangmei Hengtong	Linyi, Shandong	MTO	300	870	-	80%	80%	80%	80%	80%	80%
Dec-15	Shenhua Yulin	Yulin, Shaanxi	MTO	600	1,740	600	100%	100%	100%	100%	100%	100%
Apr-16	China Coal Mengda Energy	Ordos, Inner Mongolia	MTO	600	1,740	600	100%	100%	100%	100%	100%	100%
Dec-16	Changzhou Fund Energy	Changzhou, Jiangsu	MTO	330	957	-	0%	0%	0%	0%	0%	0%
Dec-16	Jiangsu Sailboat Chemical	Lianyungang, Jiangsu	MTO	830	2,407	-	0%	70%	95%	95%	95%	95%
May-19	Jiutai Energy	Ordos, Inner Mongolia	MTO	600	1,740	1,000	100%	100%	100%	100%	100%	100%
Jul-19	Nanjing Chengzhi Chemical No. 2	Nanjing, Jiangsu	MTO	600	1,740	-	90%	90%	90%	90%	90%	90%
Apr-20	Jilin Connell Chemical No. 1	Jilin, Jilin	MTO	300	870	200	80%	80%	80%	80%	80%	80%
Oct-20	Qinghai Damei	Xining, Qinghai	MTO	700	2,030	-	0%	0%	0%	0%	0%	0%
Jul-21	Tianjin Bohua No. 1	Gulei, Fujian	MTO	600	1,740	-	0%	0%	0%	0%	0%	0%
Jan-15	Lushenfa Petrochemical	Dongying, Shandong	MTP	100	290	-	0%	0%	0%	0%	0%	0%
Feb-15	Shandong Huabin Technology	Dongying, Shandong	MTP	180	522	-	0%	0%	0%	0%	0%	0%
Jun-16	Shandong Daze Chemical	Heze, Shandong	MTP	200	580	-	0%	0%	0%	0%	0%	0%

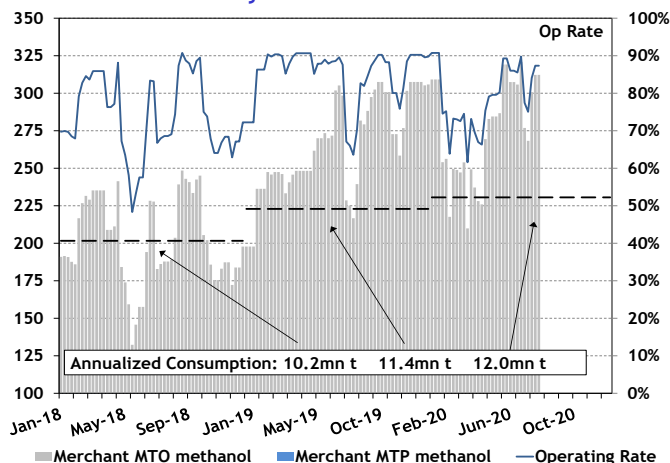
MTO Weighted Average Weekly Operating Rates (excluding MTP)

75% 84% 87% 87%

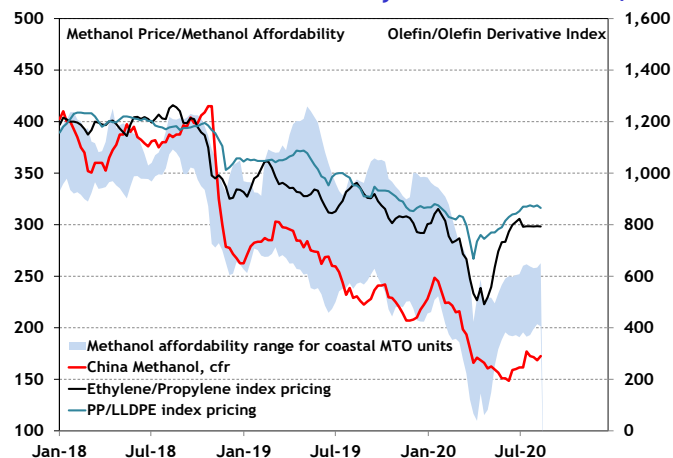
Merchant MTO weekly methanol demand - '000t



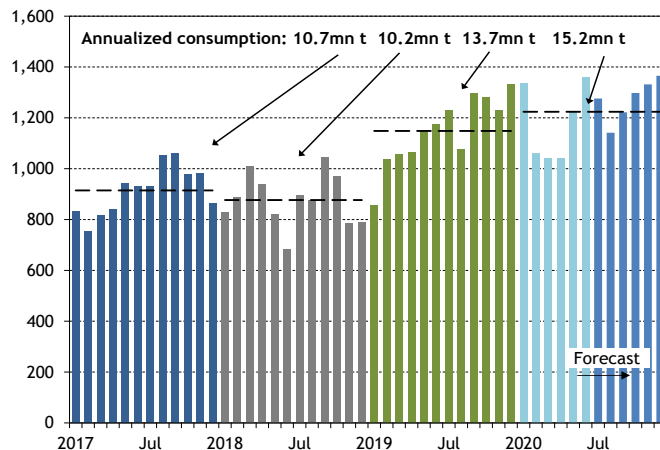
Merchant MTO weekly methanol demand - '000t



China MTO methanol affordability - \$/t



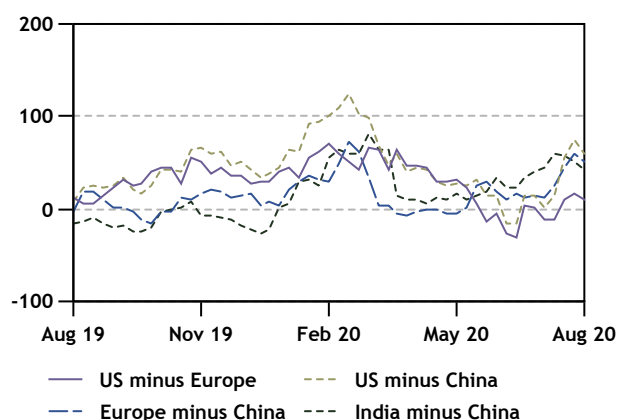
MTO/MTP total methanol demand - '000t



INDUSTRY EQUIVALENT

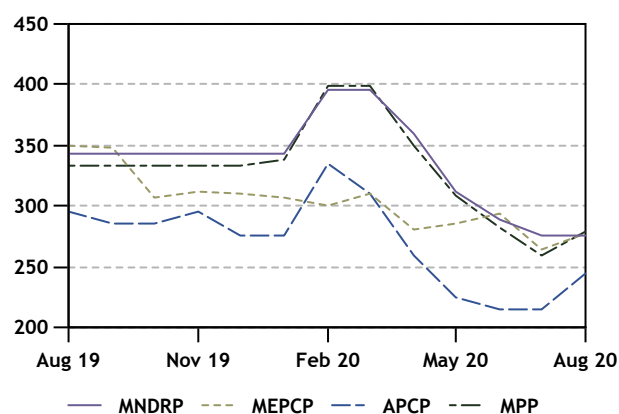
Regional arbitrage

\$/t



Producer and marketer posted prices

\$/t



ENERGY SUMMARY

Natural gas prices

\$/mmBtu

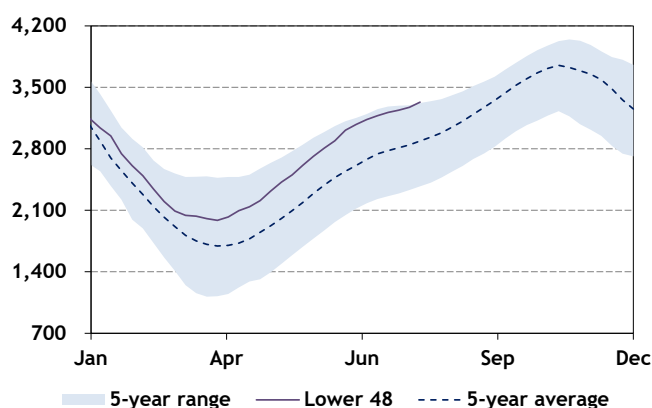
	7 Aug	10 Aug	11 Aug	12 Aug	13 Aug
Henry Hub spot	2.128	2.150	2.143	2.055	2.118
Nymex	2.238	2.153	2.171	2.152	2.182
Nymex	2.376	2.287	2.311	2.297	2.324

Natural gas index month averages

Aug

Houston Ship Channel HPL \$/mmBtu	1.700
Henry Hub \$/mmBtu	1.692
Alberta NIT/AECO C\$/GJ	1.875

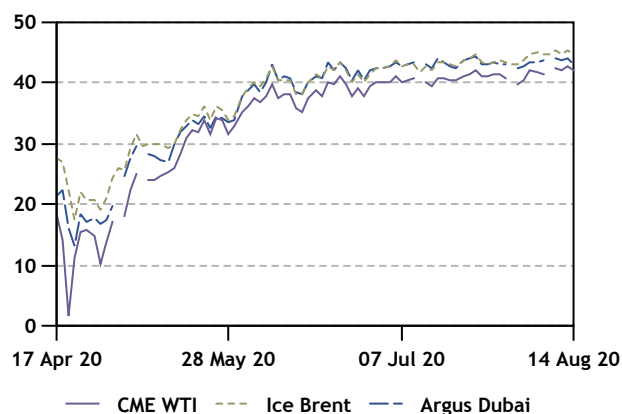
US natural gas in underground storage Bcf



Week ended 7 Aug

— EIA

Nymex WTI, Ice Brent and Argus Dubai \$/bl



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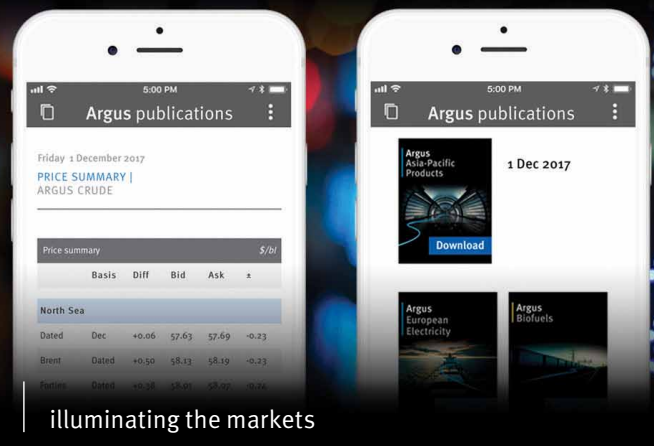
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