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# BAIINFO BDO Weekly

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## BDO

### ➤ Market Overview

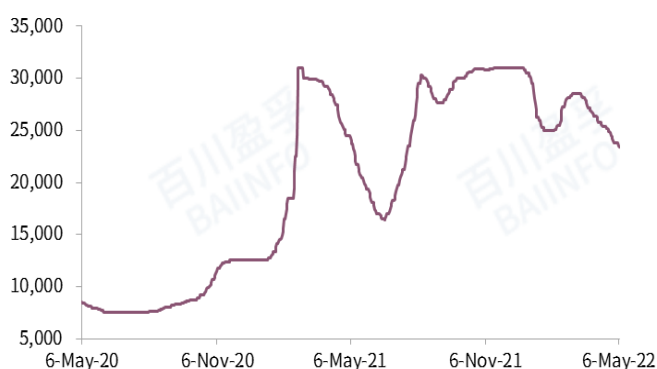
This week, domestic BDO market extended downtrend. As of May 6, mainstream negotiating BDO spot prices in East China were around RMB 23,200-23,600/T, without package, while weekly average price was at RMB 23,757/T. Support from cost side was inadequate. Some BDO devices operated normally. Some BDO manufacturers had resumed normal operation, weakening the support from supply side. The overall operation rate at downstream industry stayed low. Although the regulation and control on the pandemic were gradually eased off, downstream plants showed ordinary intention to restock. Market players lacked confidence so that traders surrendered profits to deliver goods. BDO actual trading prices went down constantly.

BDO Price Changes (RMB/T)

| This Week | Average Price (This Week) | Last Week | Average Price (Last Week) | WoW    | MoM     | QoQ    | Year-to-date |
|-----------|---------------------------|-----------|---------------------------|--------|---------|--------|--------------|
| 23,400    | 24,507                    | 24,000    | 24,507                    | -1.89% | -11.05% | -6.60% | -23.44%      |

As of May 6, BDO market prices at all regions were as follows: In North China, negotiating BDO spot prices were around RMB 23,200-23,600/T, by acceptance, sent to plant, without package. It was heard that negotiating BDO prices were around RMB 26,000-27,000/T, in barrels. In South China, negotiating BDO spot prices were around RMB 23,400-23,600/T, without package; while BDO negotiating prices were heard to be around RMB 26,000-27,000/T, in barrels. In East China, negotiating BDO spot prices were around RMB 23,200-23,600/T, by acceptance, sent to plant, without package; while BDO negotiating prices were heard to be around RMB 26,000-27,000/T, in barrels.

BDO Price Trend (East China, RMB/T)



Terminal demand was lackluster impacted by the pandemic. Downstream plants in some regions reduced operation load, thus they showed weak intention to purchase raw materials. Their

resistance to high-priced raw materials increased.

BDO Market Prices (RMB/T)

| Regions                          | 29-Apr-2022 | 3-May-2022 | 4-May-2022 | 5-May-2022 | 6-May-2022 | Remarks                                        |
|----------------------------------|-------------|------------|------------|------------|------------|------------------------------------------------|
| East China<br>(without package)  | 24,900      | 23,800     | 23,800     | 23,500     | 23,400     | 23,200-23,600;<br>Delivery Price by Acceptance |
| East China<br>(in barrels)       | 27,750      | 26,750     | 26,750     | 26,500     | 26,500     | 26,000-27,000;<br>Delivery Price by Acceptance |
| South China<br>(without package) | 25,100      | 24,000     | 24,000     | 24,000     | 23,500     | 23,400-23,600;<br>Delivery Price by Acceptance |
| South China<br>(in barrels)      | 27,750      | 26,750     | 26,750     | 26,500     | 26,500     | 26,000-27,000;<br>Delivery Price by Acceptance |
| North China<br>(without package) | 24,900      | 23,800     | 23,800     | 23,500     | 23,400     | 23,200-23,600;<br>Delivery Price by Acceptance |
| North China<br>(in barrels)      | 27,750      | 26,750     | 26,750     | 26,500     | 26,500     | 26,000-27,000;<br>Delivery Price by Acceptance |

➤ Cost

Cost side for domestic BDO market ran down constantly. In Northwest China, methanol market prices went up. Shipment at regional methanol enterprises was smooth. In Shaanxi and Shandong, the prices of calcium carbide sent to plant stayed flat.

➤ Profit

Profits of domestic BDO market ran down slightly. Trading atmosphere of spot cargoes was lukewarm amid a weakened supply-demand pattern. Although suppliers still had the intention to keep the prices firm, downstream demand remained sluggish to follow up. The overall trading performance was stagnant amid decreasing cost and dropping profits.

➤ Imp. & Exp.

| Time   | Import Volume (T) | Import Value (USD) | Export Volume (T) | Export Value (USD) |
|--------|-------------------|--------------------|-------------------|--------------------|
| Jan-22 | 12,363            | 32,206,848         | 11,583            | 44,422,878         |
| Feb-22 | 10,663            | 25,657,941         | 5,638             | 23,993,172         |
| Mar-22 | 15,886            | 39,466,355         | 7,715             | 31,047,116         |

➤ Forecast

Demand for calcium carbide at major BDO enterprises doesn't recover completely amid smooth shipment. With the demand gradually increasing, calcium carbide prices may be raised. BDO enterprises constantly resume operation, contributing to high inventory. Although logistics are recovering with the pandemic under control, terminal and downstream plants hold high BDO inventory. Terminal and downstream plants mainly reduce the inventory of raw materials so that short-term demand for BDO may not be released in large quantities. Short-term BDO prices may run down by around RMB 200-300/T amid fluctuation. Operating conditions, inventory and downstream demand of BDO market in all regions need further attention.

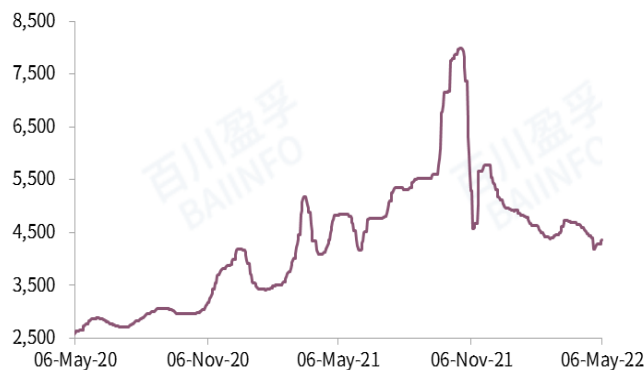
## Upstream Market

### Calcium Carbide

➤ Market Overview

Domestic calcium carbide prices averaged around RMB 4,366/T, down 2.27% WoW. Calcium carbide market edged up since the May Day holiday. Manufacturers delivered goods actively. In Ningxia and Wuhai, mainstream prices of calcium carbide went up by RMB 100-150/T in total to RMB 4,150-4,250/T. Purchasing prices of calcium carbide in Inner Mongolia were pushed up slightly, while in Henan were raised by RMB 50/T. Delivery prices of calcium carbide in Shaanxi and Shandong almost stayed flat, while in Hebei rose by RMB 100/T, sent to plant.

Calcium Carbide Price Trend (RMB/T)



# Formaldehyde

## ➤ Market Overview

Before the May Day holiday, downstream plants were inactive in stocking up formaldehyde, thus trading atmosphere was lukewarm. Formaldehyde prices showed downtrend amid stability. During the May Day holiday, hazardous chemical substances were prohibited on the expressway so that formaldehyde prices kept steady with the trading market in a stalemate. After the holiday, cost side showed several bullish factors to formaldehyde market. However, most formaldehyde enterprises produced normally during the holiday, thus partial manufacturers held inventory pressure. Meanwhile, downstream demand was sluggish. Hence, supply of formaldehyde exceeded demand obviously, and formaldehyde prices were hard to be driven up in some regions. Even some formaldehyde enterprises surrendered profits to reduce the inventory. Therefore, formaldehyde market showed both ups and downs. Generally, formaldehyde market was difficult to move up amid the bearish factors from cost side and demand side.

Formaldehyde Price Trend (RMB/T)



## ➤ Forecast

On cost side, methanol price shows slight uptrend, supported by the replenishment from downstream formaldehyde enterprises and the rising futures prices. In addition, methanol devices that shut down have resumed normal operation, increasing the supply in some regions. Hence, bullish factors from cost side for formaldehyde market are limited. Downstream wood-based panel plants generally overstock so that their demand for formaldehyde is unstable. The pandemic nationwide is still in strict conditions, thus wood-based panel plants are hard to improve operation rate in the short run. They are predicted to purchase formaldehyde on rigid demand. Meanwhile, formaldehyde enterprises hold high inventory so that the supply is sufficient. Generally, short-term formaldehyde market prices mainly hover slightly. Upstream market conditions, downstream demand, pandemic conditions at all regions and the regulation and control policies on transportation need further attention.



## Hydrogen

### ➤ Market Overview

This week, hydrogen market saw slight uptrend amid a hectic market. Hydrogen, as a chemical feedstock, is used to produce methanol, synthesis ammonia, related chemical products and fertilizer in China. Next, it is also used as a kind of fuel, and a small amount of high-purity hydrogen is used for industrial use.

Hydrogen Average Price Changes (RMB/m<sup>3</sup>)

| Regions  | This Week | Last Week | Changes |
|----------|-----------|-----------|---------|
| Shandong | 3         | 2.8       | 0.2     |
| Hebei    | 2.5       | 2.5       | -       |
| Henan    | 2.5       | 2.5       | -       |
| Shaanxi  | 2.3       | 2.3       | -       |

### ➤ Forecast

Both supply and demand of hydrogen market don't show bullish factors. However, partial mainstream manufacturers raise the offers, boosting market confidence. Therefore, neighboring manufacturers follow the uptrend. Meanwhile, as new energy industry is developed continuously, hydrogen market is still guided by bullish factors.

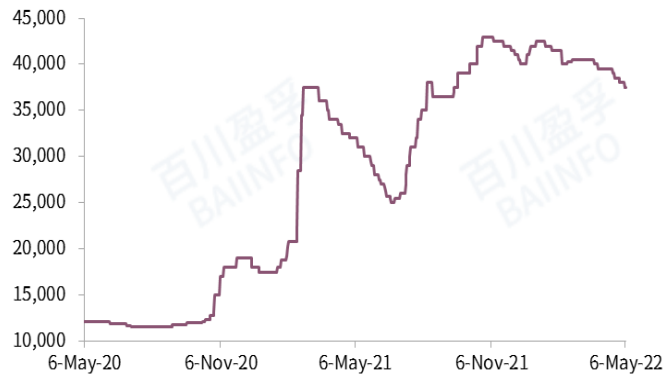
## Downstream Market

## THF

### ➤ Market Overview

In East China, THF market ran down weakly amid dropping BDO prices from cost side. Terminal spandex inventory was sufficient, so that manufacturers mostly reduced the inventory. After the May Day holiday, downstream plants showed weak intention to restock THF amid watching mood. Hence, THF traders lacked confidence impacted by the bearish factors from cost side and demand side. Trading prices of actual THF orders declined. In East China, THF mainstream negotiating prices were around RMB 37,000-38,000/T, by-product, in barrels, sent to plant. Mainstream negotiating prices were around RMB 36,000-37,000/T, without package, by acceptance, sent to plant.

THF Price Trend (RMB/T)

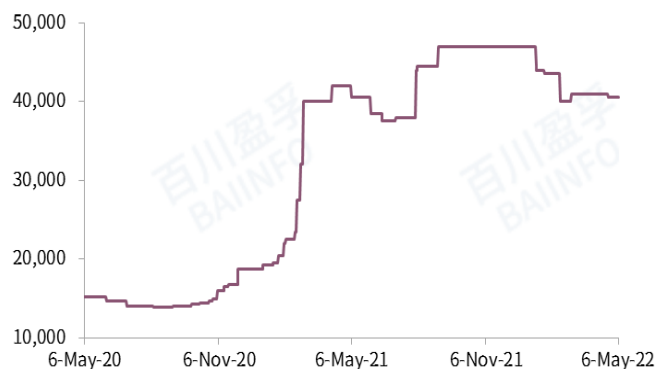


## PTMEG

### Market Overview

This week, prices of domestic PTMEG for downstream spandex plants ran stably. On cost side, BDO market prices were constantly weakened so that the support from cost side for PTMEG market was weak. PTMEG devices operated stably, thus the inventory at all PTMEG plants was controllable. Domestic transportation was recovering, as some regions lifted their lockdowns. However, downstream spandex plants held high inventory, and spandex market prices were very close to the cost. Spandex market thus was full of watching mood, and PTMEG suppliers mostly negotiated prices in accordance with the market trend. Offers of domestic PEMEG (molecular weight: 1800) for downstream spandex plants were around RMB 41,000-45,000/T, without package. Actual negotiating reference prices of PTMEG were around RMB 40,000-41,000/T.

PTMEG Price Trend (RMB/T)



### Forecast

PTMEG market inventory is relatively sufficient so that the support from supply side is ordinary. Downstream spandex plants hold high inventory, and manufacturers mainly reduce the inventory. Actual downstream and terminal orders are seldom seen, as buyers purchase PTMEG on demand. Short-term domestic PTMEG market may be adjusted by around RMB 50-100/T amid watching mood. Demand side needs more attention.

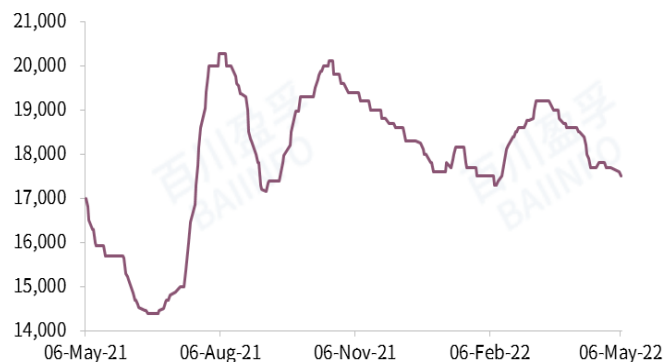


## PBT

### ➤ Market Overview

This week, PBT market prices ramped down. On cost side, PTA prices ran in strong condition, while BDO market was constantly weakened. Thus, cost side of PBT market saw both ups and downs, supporting PBT market in fluctuation. Before the May Day holiday, PBT inventory was accumulated so that manufacturers held increasing inventory pressure. However, after the holiday, downstream plants purchased on rigid demand, showing weak purchasing intention, PBT manufacturers had strong intention to sell, and they surrendered profits to facilitate trade. On cost side, PTA market went up with strong support from international oils market and upward spot prices, while BDO market saw downtrend amid lukewarm downstream demand, and methanol market prices dropped slightly. Hence, cost side was constantly weakened. Downstream plants had to follow up with individual small-sized orders amid high freights caused by blocked transportation. Traders held watching mood with tepid demand. Generally, PBT market saw both ups and downs in cost side.

PBT Price Trend (RMB/T)



### ➤ Forecast

Domestic PBT market prices may edge down next week. PBT market lacks support from cost side, as raw material PTA prices run in strong condition and BDO prices constantly decline. PBT manufacturers overhaul, suppressing the supply. Downstream plants consecutively resume production, driving up the demand gradually. PBT prices may be raised by around RMB 200-300/T amid an unbalanced supply-demand pattern.

# PU Resin Sizing Agent

## ➤ Market Overview

Domestic market of PU resin sizing agent consolidated weakly. Feedstock prices ran in bad condition so that the support from cost side was ordinary. Main plants increased operation load slightly, but individual plants still produced at low operation load. Terminal demand was not released obviously so that downstream plants produced inactively. The overall demand stayed flat. As of May 6, in East China, reference prices of PU resin sizing agent (wet process) were around RMB 14,500-15,000/T, while reference prices of PU resin sizing agent (dry process) were around RMB 15,200-15,500/T, by acceptance, sent to plant.

## ➤ Forecast

Logistics and transportation are still curbed, and downstream demand may be weak to follow up. Trading atmosphere remains stagnant. According to BAIINFO, short-term PU resin sizing agent market is expected to slide down with both bullish and bearish factors.

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