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C5 & Petroleum Resin C5 Market Weekly

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Market Overview

This week, domestic splitting decomposition market edged down. Till Apr. 6, 2023, domestic industrial-grade splitting decomposition C5 average price was at RMB 5,850/T, down RMB 85/T or 1.73% W-o-W. Though international crude oil prices ran up largely this week, cost tendency for splitting decomposition C5 was stronger. Moreover, domestic inventory declined limitedly. Downstream petroleum market prices rose up before falling, resulting in low procurement demand. Raffinate C5 prices picked up and then stabilized, while deep processing products were in loss. Some enterprises planned to shut down separating devices. Demand remained weak. Isoprene market continued to go down, while piperylene market sustained steady. Dicyclopentadiene prices kept weak amid steady. Demand for Petroleum resin C5 had no change for manufacturers. Interwoven with good and bad news, splitting decomposition C5 enterprises pulled down the offer slightly, while some private plants intended to push up the offer. Mainstream offer in East, South, North, Middle and Northeast China was at RMB 5,900/T, RMB 6,000/T, RMB 5,700-5,900/T, RMB 6,050/T and RMB 5,500/T respectively.

As for supply side, operation rate of splitting decomposition was stable, so total supply in the market had no change.

In terms of demand, isoprene oversupply condition was not improved, resulting in the market keeping weak and insufficient support for splitting decomposition C5 market. Supply-demand pattern of piperylene was relatively firm, so the price stayed flat. Demand from downstream Petroleum resin C5 and curing agent was not increased significantly, but their negotiating prices were fixed. Overall, downstream demand for splitting decomposition was soft and the whole market was in a standoff.

For inventory side, splitting decomposition C5 was byproduct of splitting decomposition ethylene production, so the inventory was lower at enterprises.

In the field of cost and profits, previous agreement about Iraq crude oil exports had not been reached. Plus, though sagging economic data in the US limited crude oil price growth, OPEC+ announced further production cuts unexpectedly, causing supply of crude oil being shrunk. In addition, crude oil exports were blocked at Kurdistan region, Iraq and crude oil inventory in the US slumped, resulting in tightened supply. However, the concern about Bank crisis and potential oversupply had restricted crude oil price growth. International crude oil prices fluctuated up, driving cost of splitting decomposition C5 (used for industry) up.

In general, dominated by bearish factors, splitting decomposition C5 prices slid down this week.

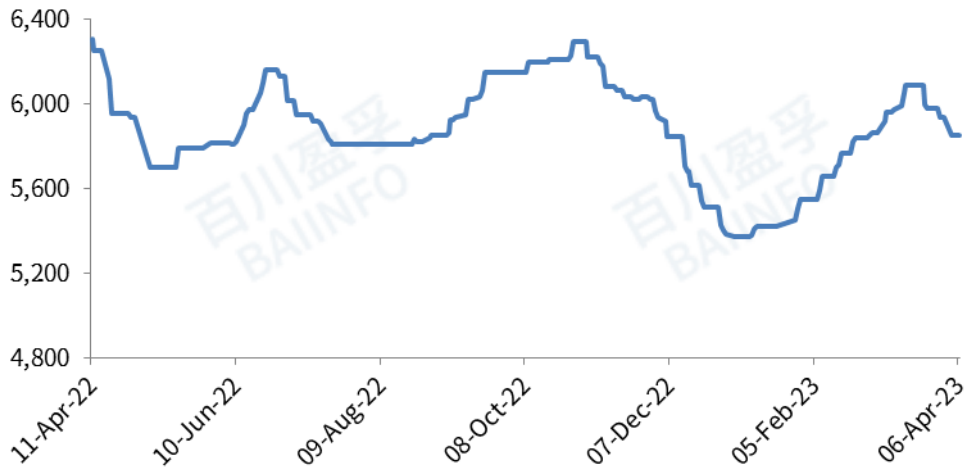
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Price Review

Splitting Decomposition C5 Price Change (RMB/T)

Product	This Weekend	Avg. Price (This Week)	Last Weekend	Avg. Price (Last Week)	W-o-W (%)	M-o-M (%)	Three-month Change (%)	Y-T-D (%)
Splitting Decomposition C5	5,850	5,887	5,935	5,957	-1.43%	-1.20%	8.92%	8.92%

Domestic Splitting Decomposition C5 Average Price Trend (RMB/T)



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Petroleum Resin C5 Market Overview

This week, Petroleum resin C5 market ran firm. As of Apr. 6, the market average price was at RMB 8,800/T. Mainstream trading prices of Petroleum resin C5 (used for traffic paint) were at RMB 8,800-9,400/T, while trading prices of Petroleum resin C5 (used for adhesives) for piperylene plants were at RMB 9,000-10,500/T. For cost side, splitting decomposition C5 prices edged down, weakening cost support for Petroleum resin C5. In terms of supply, there was no news about resumption plans for plants, so operation rate was temporarily unchanged. Several plants sold more goods compared with last week, while many plants performed flat. Total demand was still low. Overall, the market was in a stalemate and lots of plants mainly stabilized the offer. Though cost prices inched down, sellers based on cost pressure, were unwilling to surrender profits.

Supply: Total supply of Petroleum resin C5 was stable, and no resumption plans for plants were issued.

Demand: Shipment for Petroleum resin C5 was flat. Downstream plants and traders purchased in scattered orders based on rigid demand. Some traders remained low shipment, so demand for Petroleum resin C5 was soft.

Cost & Profits: The cost was lower than it at last week, mainly because the raw material, splitting decomposition C5 prices moved down. Other production auxiliary materials and processing charges were stable basically, so total cost showed downtrend. However, industry profits edged up, due to fallen cost prices. The quotation at manufacturers remained unchanged, so total profits inched up this week.

Inventory: Total inventory had no changed compared with last week, because of stable supply. Several plants' inventories were reduced, while plenty of enterprises produced as soon as they sold out. The market inventory kept at normal level.

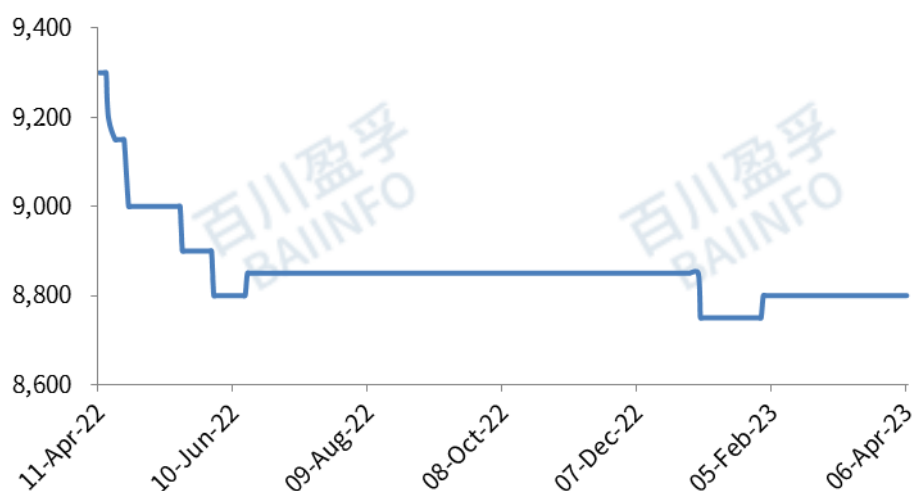
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Petroleum Resin C5 Price Review

Petroleum resin C5 Price Change (RMB/T)

Product	This Weekend	Avg. Price (This Week)	Last Weekend	Avg. Price (Last Week)	M-o-M (%)	Three-month Change (%)	Y-T-D (%)
Petroleum resin C5	8,800	8,800	8,800	8,800	0%	0.57%	-0.56%

Domestic C5 Petroleum Resin Average Price Trend (RMB/T)



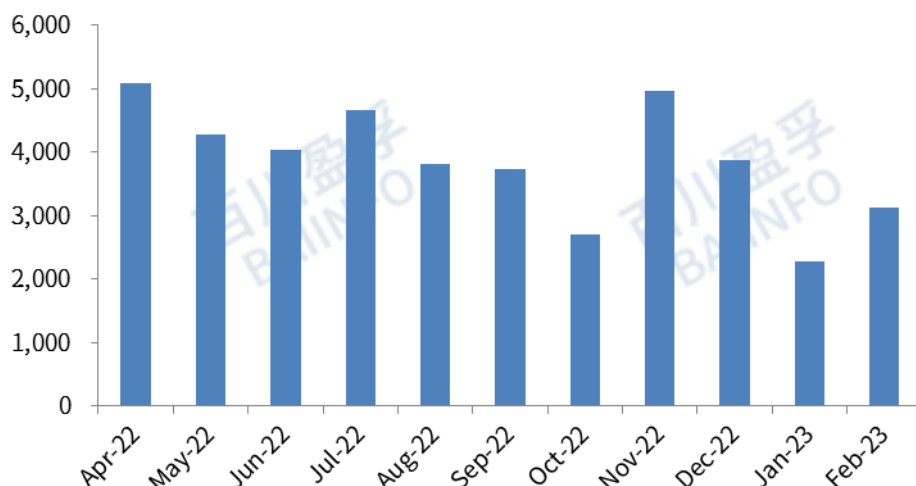
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Import & Export Data

Till Feb., 2023, domestic petroleum resin import volume was at 3,135.721 tonnes. Besides, lots of imports were from the United States and Germany, accounting for 21.06% and 17.02% respectively. Moreover, Shanghai, Guangdong, Jiangsu and Tianjin were main import provinces or municipalities, accounting for 30.62%, 27.41%, 14.88% and 11.52% respectively. The major trade mode for petroleum resin was ordinary mode, accounting of 90.05% of total volume.

Month	Imp. Qty. (T)	Imp. Val. (USD)	Imp. Avg. Price (USD/T)	Y-o-Y
Feb-23	3,135.721	7,943,856	2,533.34	-40.83%
Jan-23	2,272.885	6,492,356	2,856.44	-47.6%

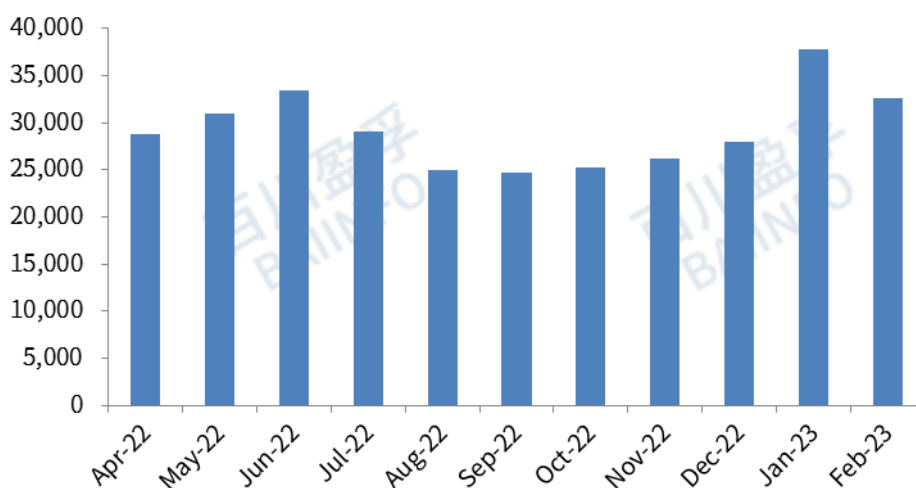
Petroleum Resin Import Data (Unit: T)



Up to Feb., 2023, domestic petroleum resin export volume was at 32,574.936 tonnes. A large proportion of exports were from India, Turkey, Malaysia and South Korea, accounting for 13.39%, 5.99%, 5.66% and 5.46% of total volume respectively. For China, a large proportion of exports came from Zhejiang, Shandong, Tianjin and Shanghai, accounting for 44.79%, 17.36%, 11.69% and 6.80% respectively. Major export trade was ordinary trade mode, accounting for 96.47% of total volume.

Month	Exp. Qty. (T)	Exp. Val. (USD)	Exp. Avg. Price (USD/T)	Y-o-Y
Feb-23	32,574.936	46,126,391	1,416.01	33.22%
Jan-23	37,856.529	54,546,285	1,440.87	19.55%

Petroleum Resin Export Data (Unit: T)



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Domestic Petroleum Resin Import & Export Data in Jan. & Feb., 2023

Jan., 2023; HS Code: 3911.1000				
Countries/Regions	Imp. Qty. (T)	Imp. Val. (USD)	Exp. Qty. (T)	Exp. Val. (USD)
Algeria	0	0	27	38,535
Argentina	0	0	83	144,888
United Arab Emirates	0	0	575	940,307
Oman	0	0	52	80,167
Azerbaijan	0	0	0.004	9
Egypt	0	0	820	1,123,875
Ethiopia	0	0	0	10
Estonia	0	0	17	21,574
Australia	0	0	279	430,310
Pakistan	0	0	145	172,368
Brazil	0	0	499	713,125
Belarus	0	0	758	897,721
Benin	0	0	0.001	5
Belgium	0	0	60	403,489
Poland	0	0	1,060	1,507,368
Denmark	0	0	75	107,250
Germany	212	668,471	723	1,023,521
Dominican Republic	0	0	54	65,453
Russia	0	0	1,039	1,441,189
Ecuador	0	0	26	37,775
France	156	632,954	203	333,926
Philippines	0	0	163	171,331
Finland	0	0	144	169,353
Colombia	0	0	275	394,652
Kazakhstan	0	0	50	76,303
South Korea	228	585,177	1,391	1,970,516
Holland	112	328,861	2,732	4,061,549
Guinea	0	0	18	32,910
Canada	0	0	215	322,236
Ghana	0	0	0.002	10
Cambodia	0	0	5	28,000
Czech Republic	0	0	19	19,676
Ivory Coast	0	0	36	36,556
Kuwait	0	0	0.002	3
Kenya	0	0	119	145,629
Latvia	0	0	0.002	10
Lebanon	0	0	22	33,010
Lithuania	0	0	0.001	10
Romania	0	0	18	21,600
Malaysia	0	0	1,520	1,944,420

Mauritius	0	0	1	1,200
United States	504	1,675,151	1,540	3,020,423
Bangladesh	0	0	228	294,934
Peru	0	0	33	43,210
Myanmar	0	0	3	8,552
Morocco	0	0	60	77,100
Mexico	0	0	1,129	1,601,245
South Africa	0	0	122	197,087
Nigeria	0	0	22	14,514
Norway	0	0	50	71,500
Portugal	0	0	124	154,892
Japan	231	787,298	966	1,334,573
Sweden	0	0	26	32,203
Cyprus	0	0	17	26,180
Saudi Arabia	0	0	1,554	2,133,869
Sri Lanka	0	0	31	40,880
Somalia	0	0	52	24,840
Thailand	40	96,629	1,907	2,401,635
Tunisia	0	0	0.001	5
Turkey	0	0	2,847	4,297,845
Turkmenistan	0	0	20	23,893
Uruguay	0	0	0.001	1
Uzbekistan	0	0	16	33,736
Spain	0	0	1,537	2,535,531
Greece	0	0	57	81,848
Singapore	220	439,898	51	61,437
New Zealand	0	0	15	22,865
Iraq	0	0	34	38,595
Iran	0	0	301	554,969
Italy	0	0	1,493	2,194,343
India	0	0	5,328	6,900,670
Indonesia	0	0	2,620	3,884,558
Britain	0	0	652	953,459
Jordan	0	0	0.006	30
Vietnam	0	0	952	1,306,201
Chile	0	0	100	154,450
China	20	30,090	0	0
Taiwan of China	550	1,247,827	750	1,112,373
Total	2,273	6,492,356	37,857	54,546,285

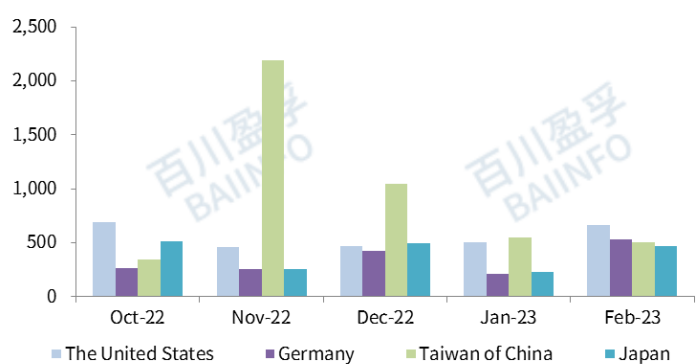
Feb., 2023; HS Code: 39111000

Countries/Regions	Imp. Qty. (T)	Imp. Val. (USD)	Exp. Qty. (T)	Exp. Val. (USD)
Algeria	0	0	47	80,375
Argentina	0	0	107	150,142
United Arab Emirates	0	0	454	734,603
Oman	0	0	84	103,170

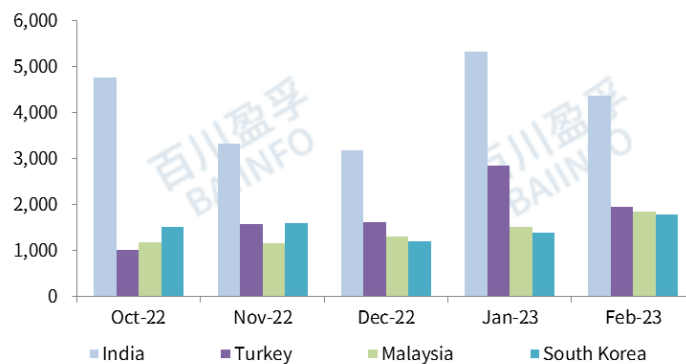
Egypt	0	0	1,183	1,841,473
Australia	0	0	443	658,749
Pakistan	0	0	85	107,623
Brazil	0	0	1,145	1,729,700
Belarus	0	0	384	454,024
Benin	0	0	0	10
Belgium	0	0	103	614,889
Poland	0	0	1,668	2,336,163
Germany	534	1,296,659	258	487,582
Russia	0	0	370	486,633
Ecuador	0	0	0	1
France	115	549,613	206	346,753
Philippines	0	0	455	456,230
Colombia	0	0	520	766,915
Costa Rica	0	0	25	36,050
South Korea	388	1,070,209	1,778	2,240,773
Holland	68	222,112	1,558	2,297,400
Canada	0	0	499	754,482
Cambodia	0	0	4	14,556
Czech Republic	0	0	19	15,120
Kenya	0	0	64	78,824
Romania	0	0	18	21,130
Malaysia	0	1,453	1,842	2,434,444
United States	660	1,971,584	1,125	1,840,205
Bangladesh	0	0	233	242,072
Peru	0	0	37	59,822
Myanmar	0	0	8	9,107
Mexico	0	0	1,063	1,534,153
South Africa	0	0	159	256,856
Nigeria	0	0	43	55,272
Portugal	0	0	323	461,304
Japan	467	1,250,612	862	1,241,153
Sweden	0	0	58	71,673
Saudi Arabia	0	0	692	983,033
Sri Lanka	0	0	39	58,258
Thailand	54	126,923	1,683	2,054,597
Tunisia	0	0	2	5,187
Turkey	0	0	1,950	2,858,413
Venezuela	0	0	0	10
Uganda	0	0	0	10
Uzbekistan	0	0	17	25,160
Spain	0	0	709	1,029,303
Greece	0	0	2	2,494
Singapore	330	590,317	62	80,386
New Zealand	0	0	14	19,656

Iran	0	0	258	393,709
Israel	0	0	5	7,261
Italy	0	0	1,065	1,608,085
India	14	30,520	4,361	5,433,808
Indonesia	0	0	1,709	2,510,172
Britain	0	0	563	807,107
Jordan	0	0	35	43,629
Vietnam	0	0	1,095	1,686,824
Chile	0	0	148	234,001
Taiwan of China	506	833,854	886	1,196,712
Hong Kong, China	0	0	52	69,145
Total	3,136	7,943,856	32,575	46,126,391

Petroleum Resin Import Data (by Countries/Regions) (Unit: T)



Petroleum Resin Export Data (by Countries/Regions) (Unit: T)

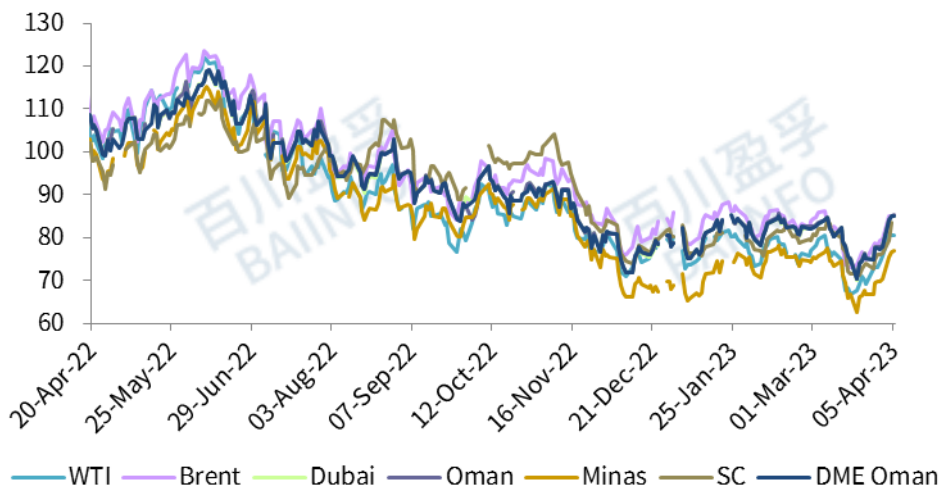


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Upstream Market

This week, the agreement of Iraq exports was not concluded. Besides, OPEC+ issued that they would further cut production unexpectedly, shrinking supply. However, weak economic data in the US depressed oil price rising. International crude oil prices soared this week. Early this week, OPEC+ insisted to stabilize output and in Mar., OPEC crude oil output dropped as schedule. The suspending of crude oil exports from Kurdistan region would last one more week. Thus, supply of crude oil turned tight, driving up the price. Later this week, Saudi Arabia combined with many countries announced that they would further production reduction. Investors were worried about supply. After that, the concern about soft economic data in the US brought panic mood in the market. Moreover, supply was recovered in the Iraq, limiting oil price growth. By Apr. 5, WTI and Brent values were at USD 80.61/bbl and USD 84.99/bbl respectively.

Crude Oil Futures Price Trend (Unit: USD/bbl)



Forecast: WTI values are forecasted to be at USD74-80/bbl, while Brent values are forecasted to be at USD78-84/bbl. This week, Guided by the news of multi-national joint production cuts, oil prices pulsed up, constituting the bottom of the support, but the poor economic outlook for Europe and the United States, market concerns about recession still existed, fear of curbing demand for crude oil, the macro side will also pressure oil prices, so there is resistance to the upside and continuous upward trend. Market players need to pay attention to the impact of OPEC production cuts and the economic outlook for Europe and the United States. Overall, the production cut plan to tamp the bottom of oil prices, while the United States is expected to continue to depot, benign for oil prices, but the uncertainty of the economic outlook will still make the oil market more volatile, and macro risks may suppress oil prices. In the short term, international crude oil prices are expected to fluctuate at high price level.

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Market Forecast

Splitting Decomposition C5

Production cut plan has laid a foundation for crude oil price and at the same time, the US is predicted to destock, boosting crude oil prices. However, uncertain economic prospects still make the price fluctuate. Thus, macro risks may depress the price. Shortly, oil prices may fluctuate at high level, providing limited support to splitting decomposition C5 market in cost side. In supply-demand pattern, downstream plants mainly purchase based on rigid demand. With limited demand and poor profits, splitting decomposition C5 plants intend to lower the operation rate. Pentylene market may keep lukewarm, so cost pressure for splitting decomposition C5 is still existed. Hence, plants surrender limited profits. Raffinate C5 market is likely to go down continuously, while sale and production in Petroleum resin C5 market basically remain in balance. Overall, with firm cost, weak demand and downward deep processing market, lack of bullish factors, in next week, splitting decomposition C5 market will keep downtrend, with the price around RMB 5,400-5,900/T.

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Petroleum Resin C5

Though deep processing market remains loss, crude oil prices edged up, supporting Petroleum resin C5 market to some extent. For supply-demand side, there is no news about maintenance or resumption plan. Thus, total supply is largely predicted to remain stable. Trading market tends to be flat. Downstream demand for traffic paint resin may be based on rigid demand. In Summary, with cost support and short-term unchanged downstream demand, Petroleum resin C5 market may not be improved. In next week, the market is expected to run steady and traffic paint resin and adhesive resin prices may be around RMB 8,800-9,400/T and RMB 9,000-10,500/T.

Influence Factors	Assessment	Key Points
Output	★★	Stable operation rate
Downstream Demand	★★★★	Dim demand, cautious downstream procurement
Inventory	★★★	Declined inventory
Import	★★	Imports flow into the market, small proportion of total supply
Market Sentiment	★★★	Suppliers mainly following with market trend
Cost & Profit	★★★★	Weakened cost support, some enterprises still suffering in loss
Transportation	★★	Smooth transportation
Others	★★★	None

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