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Issue 22-20

MDI Weekly

百川盈孚
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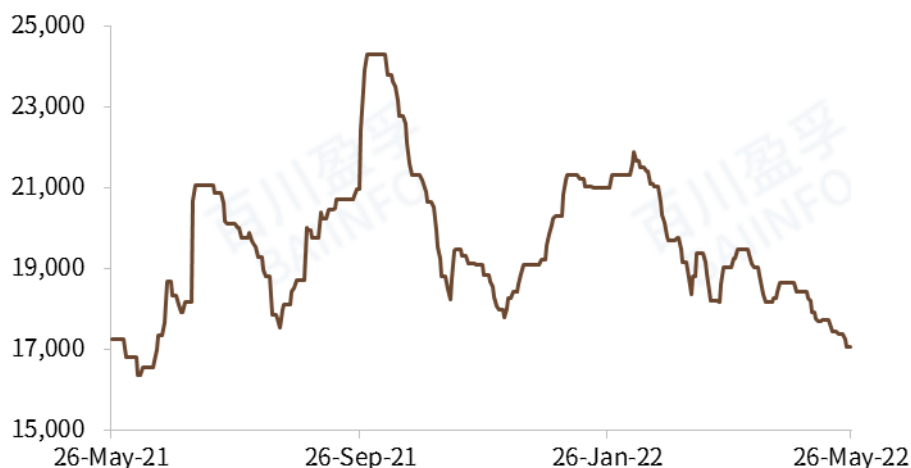
Polyurethane Sole Raw Liquor

MDI

➤ Market Overview

This week, polymeric MDI market continued to go downward. Polymeric MDI prices averaged RMB 17,050/T, down 2.29% WoW. Guide price of polymeric MDI at an MDI enterprise in Shanghai reached RMB 17,200/T, which declined over previous period. Thus, market players held grim mood. However, downstream plants didn't intend to restock raw materials, which was bearish to polymeric MDI market from demand side. Traders still had strong intention to sell at low prices, and polymeric MDI trading prices kept on falling. Although the prices dropped, individual polymeric MDI enterprises determined to control shipment volume and kept the prices firm. Coupled with the support from cost side, polymeric MDI offers of some grades stopped falling and moved up. Nevertheless, demand side still remained flat, and trading orders were seldom seen. Actual trading prices ran at low level. Negotiating prices of polymeric MDI produced in Shanghai were RMB 17,000/T, VAT included, freight excluded, in barrels, and the prices were negotiable.

Polymeric MDI Price Trend (RMB/T)



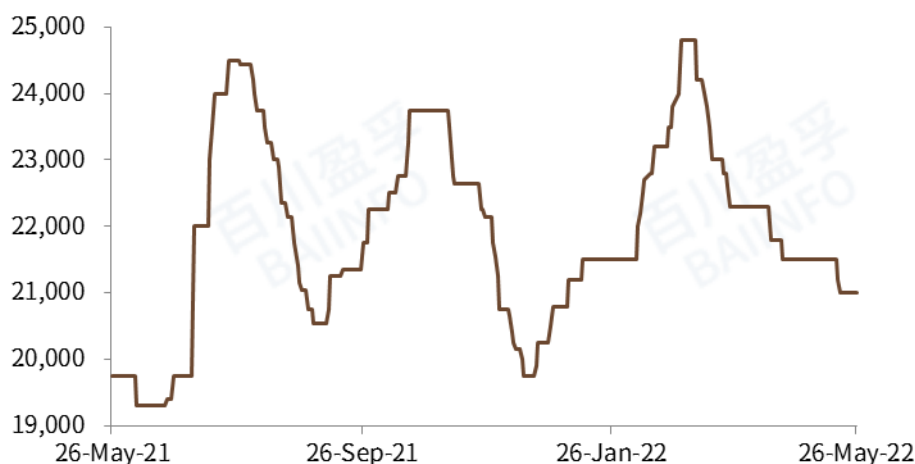
MDI Price Changes (RMB/T)

Types	This Week	Average Price (This Week)	Last Week	Average Price (Last Week)	WoW	MoM	QoQ	Year-to-date
Polymeric MDI	17,050	17,150	17,450	17,520	-2.29%	-7.96%	-13.45%	-18.16%
Pure MDI	21,000	21,000	21,000	21,240	0.00%	-2.33%	-11.76%	0.96%

This week, pure MDI market stayed flat, with average prices at RMB 21,000/T. Suppliers performed actively in shipping goods so that resources were sufficient. Although terminal players increased purchasing activities and downstream orders were released slightly amid falling feedstock prices, orders were limited to follow up with tepid demand. Hence, terminal and downstream plants didn't intend to purchase more raw materials, and they mainly consumed the inventory of raw materials. Supported by cost side, partial traders still showed weak intention to surrender profits for facilitating trade, and thus negotiating prices of pure MDI stayed flat. As of May 26, 2022, offers of

pure MDI produced in Shanghai and of imported pure MDI were around RMB 20,800-21,500/T and RMB 20,800-21,300/T respectively, VAT included, freight excluded, in barrels.

Pure MDI Price Trend (RMB/T)



➤ Supply

At domestic market, MDI devices operated normally so that the supply this week almost kept unchanged. At overseas market, a set of MDI device in Korea started overhauling on May 9, 2022, which would last for about a month. A set of MDI devices in Japan shut down for maintenance at the beginning of May. Other devices at overseas market operated in normal condition, and thus the overall supply at overseas market was suppressed.

➤ Imp. & Exp.

Types	Time	Import Volume (T)	Import Value (USD)	Export Volume (T)	Export Value (USD)
Polymeric MDI	Jan-22	16,738	33,775,956	82,724	188,634,850
	Feb-22	20,098	45,616,813	58,659	130,124,572
	Mar-22	28,890	64,009,960	100,346	226,479,693
	Apr-22	24,105	53,583,504	83,218	191,216,735
Pure MDI	Jan-22	5,595	13,977,870	10,063	25,194,837
	Feb-22	4,619	11,435,650	9,107	22,501,991
	Mar-22	8,166	21,464,601	10,515	26,249,316
	Apr-22	5,065	13,716,353	11,451	28,948,223

➤ Forecast

Polymeric MDI suppliers still keep the prices firm. Firstly, polymeric MDI enterprises hold increasing producing cost, as feedstock prices are pushed up. Secondly, all districts in Shanghai have recorded zero COVID-19 community transmissions outside quarantine areas so that the market is recovering amid stronger demand. However, overseas market is stagnant, and thus export orders are not released largely. In addition, domestic market players show weak intention to restock amid overall lukewarm demand. Partial market players see the market to be bearish. Next week, polymeric MDI market may run down by around RMB 300-500/T, with both bullish and bearish factors. Close to the end of May, list prices from suppliers in Jun. should be paid more attention to.

Suppliers provide sufficient pure MDI, but downstream spandex plants may reduce the purchasing of pure MDI suppressed by terminal demand. Meanwhile, other downstream industries are in regular slack seasons so that their demand is limited, which lacks support to feedstock pure MDI market. Low-end offers of pure MDI still exist. Nevertheless, partial buyers may stock up pure MDI, as the market is supported by cost side and demand side is recovering. Then, pure MDI market prices are predicted to stop falling. Next week, pure MDI market may ramp down by around RMB 100-300/T.

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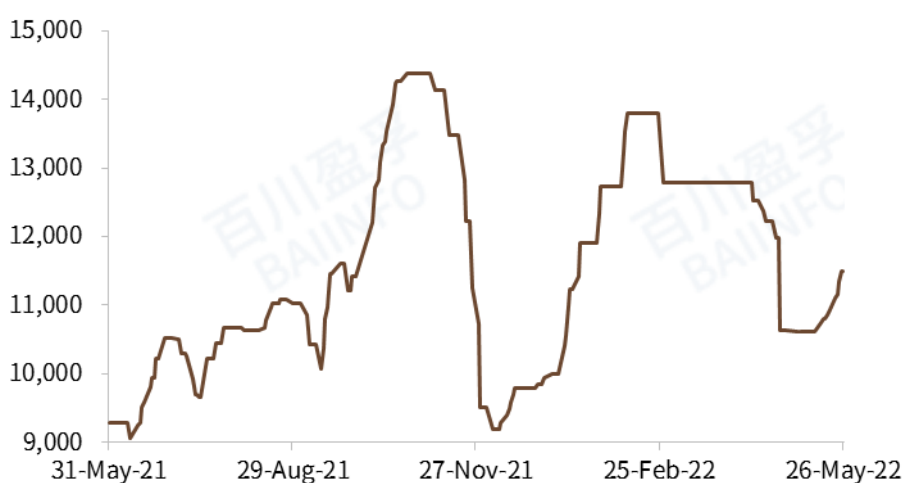
Upstream Market

Phenylamine

➤ Market Overview

This week, domestic phenylamine prices went upward. Phenylamine market prices averaged RMB 11,275/T, up 5.99% WoW, up 8.18% MoM. On cost side, pure benzene market prices edged up at high level. In Shandong, downstream plants performed ordinarily in restocking pure benzene, and thus the trading atmosphere was lukewarm. Pure benzene inventory at some refineries rose, and pure benzene price in Shandong still differed a lot from that in East China. Phenylamine spot cargoes were still in critical shortage, but demand side was robust. Phenylamine inventory at manufacturers were dragged down, and the market moved upward under pressure. Phenylamine market was supported by many bullish factors, but market players still held cautious mood. As of May 26, 2022, mainstream negotiating prices of phenylamine in East China were RMB 11,605/T, by acceptance. Mainstream trading prices of phenylamine in Shandong and North China were RMB 11,400/T, by acceptance.

Phenylamine Price Trend (RMB/T)



➤ Demand

Domestic polymeric MDI market showed downtrend. Downstream plants purchased a small

amount of polymeric MDI on rigid demand so that demand side lacked support. Traders held increasing grim mood due to the pandemic. Downstream plants performed inactively in stocking up polymeric MDI, and the overall demand was lackluster. Partial merchants still surrendered their profits to deliver goods amid bearish factors. Trading atmosphere was therefore weakened. The regulation and control on the pandemic needs further attention.

➤ Forecast

Domestic market demand for phenylamine is constantly robust, and phenylamine inventory at manufacturers stays low. Domestic phenylamine market may run with potential uptrend. Price trend of raw materials and the performance of downstream market need attention. Phenylamine prices are predicted to fluctuate around RMB 400-800/T.

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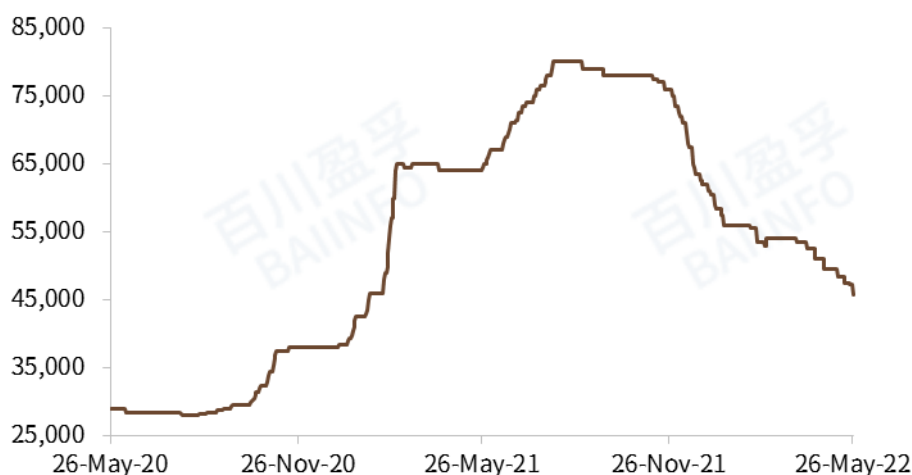
Downstream Market

Spandex

➤ Market Overview

Domestic spandex market prices extended downtrend. This week, domestic prices of spandex (20D) were at RMB 63,000/T, down RMB 1,500/T WoW; of spandex (30D) were at RMB 54,500/T, down RMB 1,500/T WoW; of spandex (40D) were at RMB 45,700/T, down RMB 1,800/T WoW. Support from cost side to spandex market was ordinary. Main feedstock market prices remained flat, while supplementary feedstock market prices moved sideways. Spandex operation rate was high so that the supply was sufficient. However, downstream demand was weak to follow up due to the pandemic in some regions. Spandex enterprises held increasing inventory pressure so that they mainly shipped goods at bargain prices. Negotiating prices constantly dropped amid ordinary trading atmosphere. Market players performed cautiously amid watching mood. As of May 26, in Zhejiang, mainstream reference prices of spandex (20D) were around RMB 60,000-66,000/T, of spandex (30D) were around RMB 53,000-56,000/T, and of spandex (40D) were around RMB 44,000-47,000/T.

Spandex 40D Price Trend (RMB/T)



➤ Forecast

This week, spandex market continued to ramp down. Spandex market prices may run down by around RMB 500-1,000/T next week.

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PU Resin Sizing Agent

➤ Market Overview

This week, PU resin sizing agent market kept stagnant. Feedstock prices ran weakly, and support from cost side was limited. Although operation rate didn't change largely, downstream artificial leather enterprises mostly followed up small-sized orders amid limited demand. Trading atmosphere stayed lukewarm. Market players shipped goods in accordance with market trend. As of May 26, in East China, reference prices of PU resin sizing agent (wet process) were around RMB 14,400-14,800/T, while reference delivery prices of PU resin sizing agent (dry process) were around RMB 15,000-15,300/T, by acceptance.

➤ Forecast

Transportation is still blocked, and downstream demand is tepid. Trading atmosphere is lukewarm. According to BAIINFO, short-term PU resin sizing agent market may run weakly with both bullish and bearish factors.

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Polyurethane Sole Raw Liquor

➤ Market Overview

This week, polyurethane sole raw liquor market sustained stability. Reference prices of general solution A and solution B were around RMB 13,500-16,000/T and RMB 21,000-26,000/T respectively. Feedstock MDI prices didn't fluctuate largely, with market prices around RMB 21,000/T. Thus, support from cost side to polyurethane sole raw liquor market was ordinary. Polyurethane sole raw liquor enterprises operated at low level, but the supply was still sufficient. Terminal plants consumed the inventory of polyurethane sole raw liquor amid slack season, and some of them purchased polyurethane sole raw liquor on rigid demand. Traders performed inactively in purchasing, and actual orders were traded based on negotiations.

➤ Forecast

Polyurethane sole raw liquor market is weakened by demand side. Although domestic market is recovering from the pandemic, downstream operation rate and transportation are still resuming gradually. However, as the market is badly influenced by previous bearish factors, market players still lack confidence in the short run. Polyurethane sole raw liquor market is predicted to remain flat.

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