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Propylene Oxide

百川盈孚  
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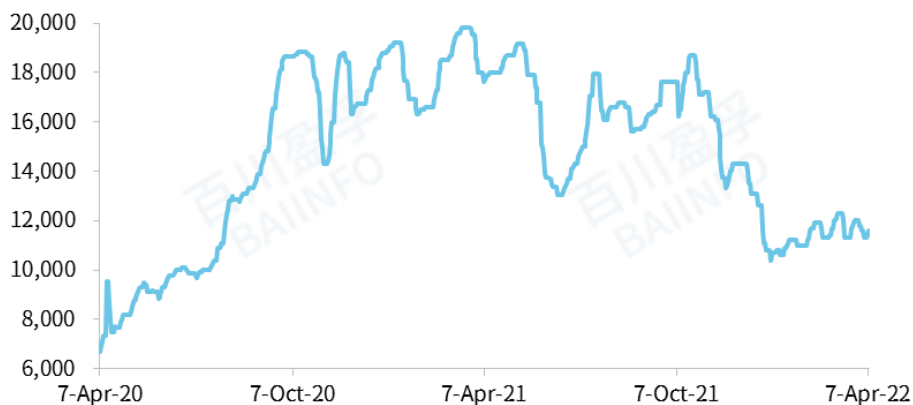
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## Propylene Oxide

### ➤ Market Overview

This week (Apr. 1-7, 2022), propylene oxide market saw both ups and downs. Propylene oxide price adjusted in accordance with fluctuating feedstock prices. On cost side, propylene and liquid chlorine prices moved up after decreases so that propylene oxide enterprises held increasing cost pressure. Cost side strongly supported the market. Partial domestic propylene oxide enterprises resumed normal operation and raised operation load except that some enterprises shut down for conventional maintenance, driving up market supply of propylene oxide slightly. However, operation load at domestic propylene oxide enterprises still stayed low, but supply side provided support to the market. Affected by the pandemic, propylene oxide shipment was slowed down, however, the overall shipment was smooth. After the Tomb-sweeping Day holiday, demand from downstream and terminal markets was recovering. Hence, propylene oxide enterprises held more new orders, decreasing the inventory slightly. However, terminal market was still badly influenced by the resurgence of the pandemic so that demand was hard to be fully released. Recently, propylene oxide market may run in strong condition. As of Apr. 7, mainstream delivery price of propylene oxide in East China was around RMB 11,700-12,600/T, cash payment; mainstream negotiating trading price in Shandong and North China was around RMB 11,500-11,600/T, cash payment; mainstream negotiating price in South China was around RMB 11,600-11,700/T, cash payment.

Propylene Oxide Market Trend (RMB/T)



Propylene Oxide Price Changes (RMB/T)

| This Week | Average Price<br>(This Week) | Last Week | Average Price<br>(Last Week) | WoW | MoM    | QoQ   | Year-to-date |
|-----------|------------------------------|-----------|------------------------------|-----|--------|-------|--------------|
| 11,600    | 11,500                       | 11,600    | 11,800                       | 0   | -4.13% | 7.41% | 11.54%       |

➤ Imp. & Exp.

| Time   | Import Volume (T) | Import Value (USD) | Export Volume (T) | Export Value (USD) |
|--------|-------------------|--------------------|-------------------|--------------------|
| Jan-21 | 46,486            | 91,755,920         | 18                | 97,200             |
| Feb-21 | 49,362            | 99,031,687         | 0                 | 0                  |
| Mar-21 | 39,127            | 80,228,632         | 0                 | 0                  |
| Apr-21 | 29,331            | 63,031,561         | 0                 | 0                  |
| May-21 | 25,368            | 58,363,325         | 3                 | 2,637              |
| Jun-21 | 45,069            | 98,049,501         | 5                 | 3,473              |
| Jul-21 | 32,566            | 66,586,633         | 0                 | 0                  |
| Aug-21 | 25,235            | 49,437,359         | 0                 | 0                  |
| Sep-21 | 34,766            | 68,372,710         | 156               | 405,600            |
| Oct-21 | 40,692            | 82,300,683         | 96                | 302,940            |
| Nov-21 | 24,924            | 52,842,426         | 2,153             | 4,590,457          |
| Dec-21 | 40,844            | 86,877,729         | 156               | 366,756            |
| Jan-22 | 32,548            | 65,236,021         | 76                | 125,847            |
| Feb-22 | 22,524            | 36,683,050         | 0                 | 0                  |

➤ Forecast

This week, propylene oxide market saw both ups and downs. However, the market is running in better condition. Recently, raw materials propylene and liquid chlorine prices move up after hitting the bottom, and feedstock prices show upward potential. In addition, demand from downstream and terminal markets rises mildly, and more new orders are signed. Hence, propylene oxide and polyether enterprises deliver goods smoothly. Domestic propylene oxide enterprises' operation rate stays low, supporting the market from supply side. Therefore, propylene oxide price may run in strong condition supported by many bullish factors, with adjustment range around RMB 400-600/T.

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## Upstream Market

### Liquid Chlorine

➤ Market Overview

This week, liquid chlorine market went up after hitting the bottom. In China, public health events were in strict condition so that chlor-alkali enterprises still paid more attention to the transportation. This week, liquid chlorine prices in those regions with smooth shipment were raised slightly. In East China, liquid chlorine price was forced down by the price decrease in Shandong last week.

In Hebei, liquid chlorine price was badly influenced by the price in Shandong. Operation load at individual chlor-alkali enterprises was not full so that the supply of liquid chlorine was limited. In Shanxi, chlor-alkali enterprises' operation load stayed around 30% to 40%, and liquid chlorine price

maintained around RMB 900-1,100/T. In Northeast China, liquid chlorine price stayed low during the Tomb-sweeping Day holiday. Then, the price was raised following the price uptrend in surrounding areas.

In Central China, liquid chlorine price ran up by RMB 500/T in total in Henan. Local market was less impacted by public health events, but liquid chlorine transportation was curbed during the Tomb-sweeping Day holiday. In Hubei, liquid chlorine price sustained stability. Local chlor-alkali enterprises operated at low rate amid unsmooth shipment.

In East China, some chlor-alkali enterprises reduced operation load and overhauled during the Tomb-sweeping Day holiday in Jiangsu, dragging down the supply of liquid chlorine. Liquid chlorine resources being delivered from surrounding market were limited, and supply of local resources was tightened amid unsmooth shipment. In Zhejiang, liquid chlorine trading market stayed mild, with offers extending stability. In Anhui and Jiangxi, liquid chlorine market moved down. In addition, local liquid chlorine enterprises dragged down the prices following the price downtrend in surrounding market. In Southwest China, some liquid chlorine enterprises shut down for maintenance in Sichuan, thus fewer liquid chlorine was sold. Liquid chlorine price sustained stability temporarily.

Liquid Chlorine Average Price Changes (RMB/T)

| This Week | Last Week | Changes |
|-----------|-----------|---------|
| 1,403     | 1,190     | 213     |

#### ➤ Forecast

In Shandong, supply is reduced largely due to the pandemic. Chlor-alkali enterprises in some regions don't hold shipment pressure, thus the prices may be stable-to-buoyant. The prices in other regions follow the uptrend. In the south, liquid chlorine market adjusts flexibly. In Jiangsu, liquid chlorine market is short of supply. Later, individual chlor-alkali enterprises plan to reduce operation load impacted by blocked transportation. They adjust the offers flexibly in accordance with their own conditions. In Guangdong, some chlor-alkali enterprises plan to overhaul. Liquid chlorine price may stabilize at high level. In the north, liquid chlorine price fluctuates around RMB 1,000-1,400/T, in tank cars. In the south, liquid chlorine price fluctuates around RMB 1,500-1,800/T.

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## 50% Hydrogen Peroxide

### ➤ Market Overview

This week, hydrogen peroxide market dropped in the north and rose in the south. In the north, Jilin and Liaoning were severely hit by the pandemic. In Shandong, hydrogen peroxide resources could only be transported within the province, and the range of shipment was narrowed down. On demand side, partial hydrogen peroxide enterprises suspended or reduced production. Thus, both supply and demand were weakened, and hydrogen peroxide market price edged down.

In Jiangsu, Zhejiang and Anhui, hydrogen peroxide enterprises almost maintained normal production. Downstream demand was strong, and resources were hard to be transported across regions, which were bullish to the hydrogen peroxide prices in Jiangsu and Zhejiang. Partial hydrogen peroxide enterprises in Jiangsu and Zhejiang thus pushed up the prices. However, the enterprises in Anhui had more difficulties in delivering goods so that hydrogen peroxide prices sustained stability. All hydrogen peroxide enterprises didn't hold much inventory pressure.

50% Hydrogen Peroxide Price Changes (RMB/T)

| This Week | Last Week | Changes |
|-----------|-----------|---------|
| 1,883     | 1,852     | 31      |

In Central and South China, hydrogen peroxide devices operated normally in Henan, Hunan and Hubei. During last weekend, hydrogen peroxide price held stability after an increase with strong support from downstream market. Hydrogen peroxide inventory at enterprises stayed low. In Southwest China, hydrogen peroxide prices were raised retroactively. In Northwest China, hydrogen peroxide prices remained steady amid stable supply-demand pattern.

### ➤ Forecast

Next week, transportation in the north needs further attention. In the north, hydrogen peroxide resources are hard to be transported amid the pandemic. Market players hold watching mood to hydrogen peroxide market. Hydrogen peroxide price is expected to be stable-to-downward amid a stagnant market.

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## Ethylbenzene

### ➤ Market Overview

Ethylbenzene average market price was around RMB 9,275/T. In South China, ethylbenzene market sustained stability. Ethylbenzene enterprises showed ordinary activeness in delivering goods. Tentative market offers were around RMB 9,250-9,300/T.

### ➤ Forecast

Ethylbenzene market remains flat with the support from cost side. Market players hold watching mood. Short-term ethylbenzene market is predicted to hover with the price around RMB 9,200-9,400/T.

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## Propylene

### ➤ Market Overview

This week, propylene market price saw slight uptrend. Propylene devices that shut down for maintenance haven't resumed production, suppressing the supply, which was bullish to propylene market. Propylene enterprises held low inventory. Downstream propylene oxide and acetone prices went up slightly, and other downstream products were still profitable. Downstream plants were motivated to make inquiries, and downstream operation rate moved up over last week. Thus, the support from demand side increased. Propylene enterprises delivered goods smoothly, without much pressure. Trading performance of propylene market was recovering. In Shandong, mainstream propylene trading price ran up by RMB 325/T to RMB 8,475/T.

### ➤ Forecast

Generally, operation rate at downstream enterprises fluctuates slightly. Downstream players purchase raw material propylene actively, and shipment at manufacturers was gradually improved. Currently, propylene market fluctuates up with the support from low inventory and acceptable downstream demand. Next week, domestic mainstream propylene market price may edge up, staying around RMB 8,450-8,650/T.

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## Downstream Market

## Soft Foam Polyether

### ➤ Market Overview

This week, domestic polyether price fluctuated up, following the price uptrend of raw material propylene oxide. As terminal market stayed flat affected by the pandemic, terminal players were resistant to polyether prices. Short-term polyether market may remain stagnant amid lukewarm downstream demand, sufficient supply and decreasing cost. As of Apr. 7, in Shandong, mainstream negotiating price of soft foam polyether was at RMB 12,100/T. In East China, the price was around RMB 12,000-12,400/T, without package. In South China, delivery price of soft foam polyether was around RMB 12,000-12,400/T, without package. In Shandong, mainstream price of high resilience polyether was around RMB 12,100-12,500/T, cash payment, without package. Mainstream price of POP polyether (POP 2045/3628) was around RMB 12,600-13,000/T, cash payment, without package, and packing charges were around RMB 700-750/T in new barrels.



### ➤ Forecast

Before the Tomb-sweeping Day holiday, soft foam polyether moved downward in confusion. After the holiday, many regions were still in lockdown, thus soft foam polyether market ran down amid cost pressure. Currently, pandemic situation and supply-demand pattern need further attention. Soft foam polyether price adjustment is expected to be around RMB 300-500/T.

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## Hard Foam Polyether

### ➤ Market Overview

This week, hard foam polyether market was driven up by the rising raw material propylene oxide and liquid chlorine prices. As of Apr. 7, propylene oxide price was around RMB 11,500-11,600/T. Low-end hard foam polyether offers were raised, and downstream enterprises purchased a small amount of resources amid watching mood. Trading performance turned better. However, downstream enterprises held watching mood amid unsmooth logistics in lockdown. Terminal industry was reviving at a slow rate due to the pandemic, thus demand side was still weakened. As of Apr. 7, in East China, price of hard foam polyether (4110) was around RMB 11,100-11,500/T, cash payment, in barrels. In Shandong and the north, actual trading price of hard foam polyether (4110) was around RMB 11,000-11,400/T, cash payment, in barrels.

### ➤ Forecast

Short-term hard foam polyether market may sustain stability, with the price adjustment around RMB 100-300/T.

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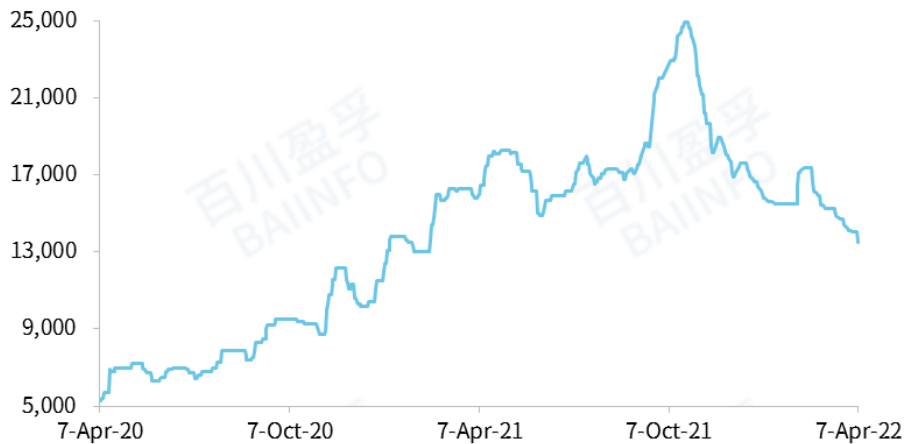
## Propylene Glycol

### ➤ Market Overview

This week, domestic propylene glycol market price kept on dropping. On cost side, propylene oxide market saw both ups and downs, strongly supporting propylene glycol market. Propylene glycol enterprises operated stably, maintaining sufficient supply. It was said that the inventory at propylene glycol enterprises remained high, but transportation was still blocked. Hence, propylene glycol enterprises reduced operation load to ease off high inventory pressure. On demand side, downstream plants operated at low level, thus they only purchased on demand. Trading price declined amid watching mood. As of Apr. 7, in Shandong, propylene glycol average market price stayed at RMB 13,400/T, down 3.60% WoW. In East China, propylene glycol average market price was at RMB 13,500/T, down 4.26% WoW. In South China, propylene glycol average market price was at RMB 13,600/T, down 4.23% WoW.



### Propylene Glycol Market Trend (RMB/T)



#### ➤ Forecast

Next week, market price of raw material propylene oxide may run in strong condition, which will support propylene glycol price from cost side. Propylene glycol devices operate normally, stabilizing the market supply. Propylene glycol enterprises hold inventory pressure so that some of them are expected to reduce operation load. Downstream plants still operate at low level, thus demand side shows no bullish factors. Transportation in some regions is still blocked. Propylene glycol market is predicted to be stagnant. Propylene glycol price may decline next week, with adjustment range around RMB 300-500/T.

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## Dimethyl Carbonate

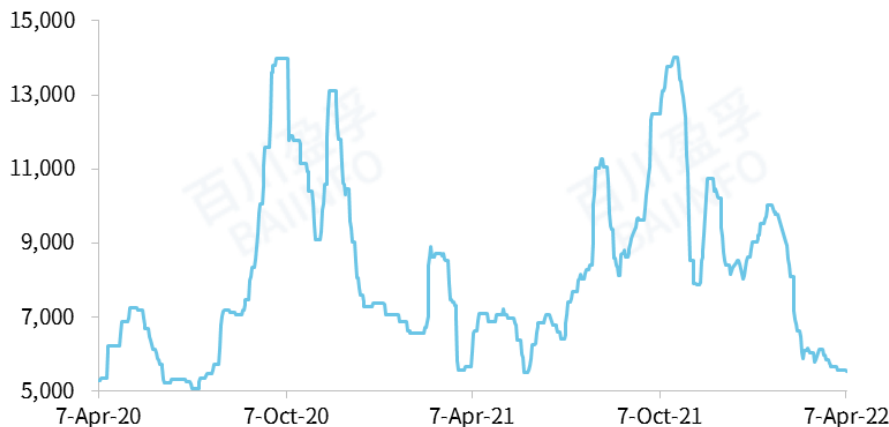
#### ➤ Market Overview

This week, dimethyl carbonate market price moved sideways, with mainstream trading price staying around RMB 5,500-6,000/T. As of Apr. 7, in Shandong, mainstream trading price of dimethyl carbonate was at RMB 5,500/T, by acceptance. In East and South China, the prices were at RMB 5,500/T and RMB 6,000/T respectively, sent to factory, by acceptance. Supply side was shrunk, while demand side was pushed up. Thus, supply-demand confrontation still existed amid high inventory. Dimethyl carbonate enterprises held inventory and shipment pressure due to blocked transportation.

#### ➤ Forecast

Dimethyl carbonate devices run stably, contributing to sufficient supply. However, shipment stays unsmooth amid blocked logistics. Dimethyl carbonate price may adjust around RMB 200-300/T next week.

### Dimethyl Carbonate Market Trend (RMB/T)



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