

SPOT PRICES

			Price Range		Four Weeks Ago	US CTS/lb
CFR China Main Ports Dutiable	USD/tonne	n/c	920-925	n/c	810-820	41.73-41.96
CFR SE Asia	USD/tonne	n/c	920-935	n/c	810-830	41.73-42.41

NOTE: Please click [here](#) for full details on the criteria ICIS pricing uses in making these price assessments.

SPOT PRICES - CFR

China Main Ports	USD/TON NE	n/c	870-870	n/c

Subscriber note: To better reflect changing market conditions, ICIS has since 11 September 2015 been tracking spot CFR China Main Port (CMP) prices in the Acetone (Asia Pacific) report to reflect deals for cargo sizes of at least 1,000 tonnes loaded or delivered four to six weeks forward from the date of publication, without normalising for differences in antidumping duties (ADDs) and import duties. This is not a price assessment and does not have an established methodology. Please send your comments to trisha.huang@icis.com.

Note: CFR China price range on a zero antidumping duty (ADD) basis, subject to 5.5% import duty

Subscriber note: The CFR China and domestic yuan (CNY) assessments in the Acetone (Asia Pacific) weekly report on 27 January 2017 is based on information collected up to 26 January due to a public holiday in China. The CFR China assessments in the 3 February report will be based on reduced information collected on 3 February and the Chinese yuan (CNY) price quotes will not be assessed. For more details on the ICIS publishing schedule, please visit <http://www.icis.com/about/publishing-schedule/>

Overview

CFR China acetone prices assessed stable in limited discussions

Asia-to-US arbitrage reopens

Production cuts, impending turnarounds constrain spot acetone availability

Spot CFR China acetone prices on a zero antidumping duty (ADD) basis, subject to import duty, were assessed stable in limited discussions at the reopening of the China market on 3 February. The prices rose in the three weeks ended 27 January.

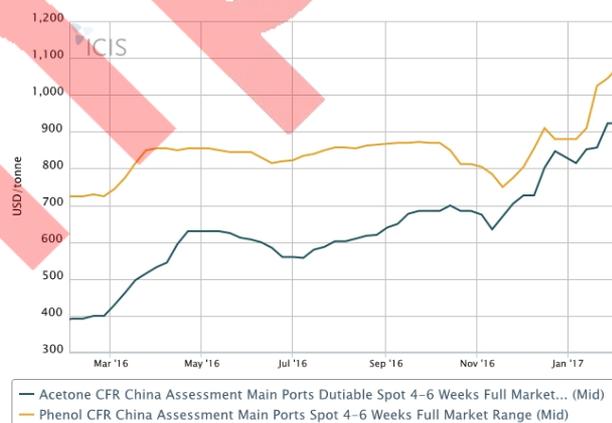
On the domestic front, major producer Sinopec increased its asking price by yuan (CNY) 200/tonne to CNY7,700/tonne EXW, market sources said.

Several market participants remain positive in their outlook amid the reality of tight spot import supply. The recent surge in CFR India acetone prices means that there continues to be competition for the limited number of cargoes available in Asia.

Renewed Asia-to-US arbitrage also points to continued support for the underlying supply/demand fundamentals in Asia. The

shutdown of US producer Shell's phenol/acetone plant for a turnaround has tightened the supply of acetone in the US market, prompting demand for Asian product loading in February and March. A northeast Asian producer was heard to have sold 2,000 tonnes for March loading at \$850/tonne FOB NE Asia. A separate producer's \$870/tonne FOB NE Asia offer did not lead to a deal. A third northeast Asian producer said that while it received several inquiries for prompt export to the US, it was not in a position to offer material because of its tight inventories.

Price chart: CFR China acetone versus phenol



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An added support for acetone prices is coming from primary product phenol's weakness relative to raw material benzene prices, which has contributed to the lower phenol/acetone output in Asia. A number of market participants share the view that, for as long as Asian phenol/acetone makers' margins stay in the negative territory, the producers would have to claw back as much margin as possible from their acetone sales.

Amid production cutbacks in South Korea and Singapore, prompt acetone supply is further constrained by a fresh production issue in South Korea, alongside impending phenol/acetone plant turnarounds in Taiwan and Thailand.

South Korean producer **Kumho P&B** will halt its phenol/acetone output for three to four days, following the discovery of a mechanical problem on the evening of 2 February. Click <http://bit.ly/2k8bk53> for the full story.

Compatriot **LG Chem** plans to perform cleaning work at its Yeosu phenol/acetone plant in early February, requiring the plant to be shut down for one day. Click <http://bit.ly/2jJWAq> for the full story. The producer is not in a position to offer spot cargoes for February shipment and expects its March and April spot availability to stay tight because of the draw on its

Acetone Asia Pacific

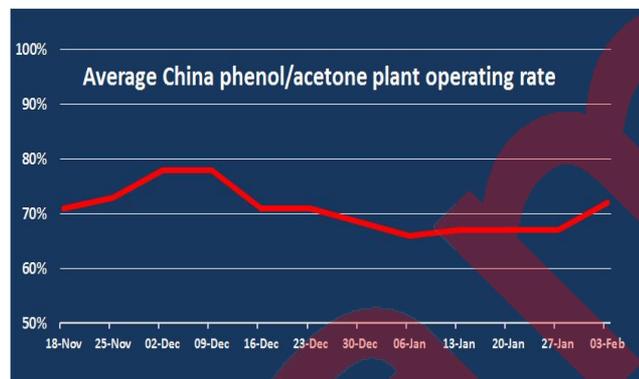
inventories from its contractual acetone supply commitments and its full downstream isopropanol (IPA) run rate, a company source previously said.

In southeast Asia, **Mitsui Phenols Singapore** will run its phenol/acetone plant on Jurong Island at 80% capacity in February, unchanged from January. Click <http://bit.ly/2l3ChxL> for the full story.

Spot cargo availability from Taiwanese producer **Formosa Chemicals & Fibre Corp (FCFC)** has tightened up ahead of a planned maintenance starting in early March. Demand for acetone from FCFC's affiliated downstream bisphenol A (BPA) maker **Nan Ya Plastics** has also increased in recent weeks. Nan Ya is running its BPA plant at 100% capacity in a bid to build up its BPA inventories ahead of FCFC's shutdown. Click <http://bit.ly/2jzlb9M> for details.

And in China, **CEPSA Chemical (Shanghai)** also has plans to undertake a month-long shutdown and this is likely to start in the second half of March, market sources said.

The average phenol/acetone capacity utilisation rate in China rose to around 70% capacity from roughly 65% a week ago, following the restart of **Kingboard Huizhou's** plant, according to estimates by market sources.



Kingboard Huizhou is running its plant at 70% capacity, following a restart during the Lunar New Year holiday, according to production data provided by the China team at ICIS.

China

Spot prices on a zero antidumping duty (ADD) basis, while subject to a 5.5% import duty, were assessed as unchanged because of thin trade.

Liquidity in spot trade was weakened by the closure of the China market for the Lunar New Year until 2 February and there were no deals or discussions heard on 3 February.

In the absence of deals, the published range was maintained.

The yuan-denominated prices of acetone on the **domestic dutiable** front were not available on 3 February.

Major producer prices	EXW, CNY/tonne	Week-on-week change
Sinopec Beijing Yanshan	n/a	
Sinopec Shanghai Gaoqiao	n/a	
Domestic spot prices	Ex-tank, CNY/tonne	Week-on-week change
East China	n/a	
South China	n/a	
US dollar import parity*	CFR China, USD/tonne	
East China	n/a	
South China	n/a	

*Based on the average spot ex-tank prices in east China and south China. The import parity prices refer to the prices in the dutiable market.

Southeast Asia

Spot prices in southeast Asia were assessed as stable.

Supply in southeast Asia has been tightened by Mitsui Phenols Singapore's below-capacity plant run rate and PTT Phenol's upcoming turnaround.

In southeast Asia, **Mitsui Phenols Singapore** will run its phenol/acetone plant on Jurong Island at 80% capacity in February, unchanged from January. An ongoing tightness in raw material benzene and propylene supply, along with the high costs of the feedstock relative to phenol and acetone prices, remains an impediment to a higher production level, a company source said.

PTT Phenol has put its customers on allocations throughout the first quarter, ahead of shutting down its two phenol/acetone plants for maintenance in March and April. In the lead up to the maintenance shutdowns, PTT Phenol is running both plants at close to full capacity. Click <http://bit.ly/2ja7JOr> for the full story.

A southeast Asian producer said that it plans to discuss February shipment with southeast Asian customers soon.

In the absence of intra-regional deals or discussions, the published range was assessed unchanged, in line with the steady CFR China assessment.

Price chart: Acetone CFR China versus CFR India

Acetone Asia Pacific



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Upstream

Crude futures prices were up by around 1% in the week ended 3 February. Crude prices initially firmed, following a drop in the US dollar value due to political risk concerns after US President Trump commented that the euro was significantly undervalued. Signs that OPEC members and Russia were complying with agreements to curb output added further upward pressure. However, upside pressure was curbed by further large increases in US crude and oil product stocks. Towards the end of the week, news that the US was considering new sanctions against Iran added additional support to prices.

Spot FOB Korea **benzene** prices were up in the week ended 3 February, backed by sharp gains in the downstream styrene monomer (SM) market.

2017 Plant maintenance:

Company	Location	Phenol capacity '000 tonnes/year	Acetone capacity '000 tonnes/year	Timing and duration
PTT Phenol	Map Ta Phut, Thailand	250	154	1 March-14 April
PTT Phenol	Map Ta Phut, Thailand	250	155	10 days in April
Formosa Chemicals & Fibre Corp (FCFC)	Mailiao, Taiwan	400	250	Early March to Mid-April
Mitsui Chemicals	Osaka, Japan	200	120	End June-end July
Kumho P&B	Yeosu, South Korea	300	180	Q3 2017, one month
Kumho P&B	Yeosu, South Korea	250	150	Q3 2017, one month
Mitsui Chemicals	Chiba, Japan	190	114	End Oct-early Dec
Taiwan Prosperity (TPCC)	Linyuan, Taiwan	360	220	End 2017

(\$1 = CNY6.88)

FEEDSTOCK SPOT PRICES

Propylene	CFR NE Asia	USD/tonne	Change	Price Range		Four Weeks Ago
				Current	Change	Price Range
			+10	910-950	+20	890-900

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