



Terephthalic Acid (Europe)

Editor Caroline Murray, caroline.murray@icis.com

CONTRACT PRICES						
Click for Price History			Price Range		One year ago	USD/MT
FD NWE DEC	EUR/TONNE	n/c	836-866	n/c	836-866	1143.06-1184.08

NOTE: for full details on the criteria ICIS pricing uses in making these price assessments visit www.icispricing.com and click on "methodology".

PTA prices set to rise on higher raw material costs

European purified terephthalic acid (PTA) producers are preparing to pass down the higher cost of feedstock paraxylene (PX) which rose in value over December.

An initial January European PX contract has been agreed at €1,067/tonne, up €12/tonne from the previous month. Some European PTA producers said that conversion fee from 2013 to this year is expected to be a rollover although this may change as players ascertain market conditions for 2014. Final details were yet to be confirmed.

Slow demand has meant less imports are moving into Europe, players said. European PTA sellers also said that they are willing to be competitive with other producers.

Lotte Chemical UK shut its 500,000 tonne/year PTA plant in Wilton, UK last month, a company source said this week.

Asia

Weaker performance in the downstream polyester sectors has added a downward pressure on purified PTA prices during the week ended 10 January. The overall polyester sales-to-output ratio in China stood at around 50-80% during the week. Operating rates at PTA facilities have started to be adjusted down to ease the oversupply of PTA, especially in the key China market. However, supply of PTA remains ample because of weak conditions in the polyester sectors, largely due to the approach of the Chinese Lunar New Year holiday on 31 January.

Upstream

An initial January European paraxylene (PX) contract has been agreed at €1,067/tonne FD NWE, up €12/tonne from the previous month, one seller confirmed this week. While the initial agreement was heard by several players in the market, there has so far been no additional parties that have since followed the number. Sources noted that while 2014 is expected to prove challenging with the new Asian capacities coming on stream, prices in the region were remarkably stable over November and December.

Crude oil futures turned volatile with a number of factors supporting and pressuring the market. The polar vortex over the US, along with ongoing production outages in Libya and pipeline disruptions in Iraq provided much of the support. But tepid economic data from China, and the gradual improvement in labour markets in the US and the UK could pressure the US Federal Reserve and Bank of England to raise interest rates.

This week's US stock figures from the Energy Information Administration (EIA) showed massive builds on both distillates and gasoline, overriding a larger draw on crude than forecast.

Crude oil	10 Jan*	03 Jan	27 Dec	20 Dec
ICE Brent	107.05	106.89	112.18	111.77
WTI	92.90	93.96	100.32	99.32

Front month - \$/bbl

*Afternoon trading

Downstream

Momentum in the European polyethylene terephthalate (PET) market got off to a slow start in the new year with a number of players still in the process of returning after the holidays. Sellers are intent on maintaining and even raising prices this month although most players expect that demand will not be strong. Most European buyers are not in a hurry to purchase spot product because they are still well-stocked. One European PET producer said it is seeking a plus €20/tonne rise this month on the back of higher raw material costs and the need to improve margins.

PET Production

Name	Location	Nameplate Capacity tonnes/year	Remarks
Indorama Ventures	Workington, UK	155,000	In the process of mothballing. Production has stopped
Mossi Ghisolfi Group	Patrica, Italy	140,000	Maintenance shutdown for 10 days from the end of

(M&G)			January. 80,000 tonne/year plant down all of 2013.
Neo Group	Klaipeda, Lithuania	160,000 x 2	Operating at 80-85% in January.
Novapet	Barbastro, Spain	130,000	Plant restarted 7 January after maintenance. Normal production expected by 20 January.
Polisan Hellas	Volos, Greece	80,000	Now operational and full capacity is imminent, according to a source close to the company.

New PET plants			
Name	Location	Nameplate Capacity tonnes/year	Start-up
EIPET	Ain Sukhna, Egypt	2 x 225,000	First commercial shipment due out on 20 January. One line is starting up in January. Second line to start up three to four weeks after first line start-up. Original start-up March/April 2013.
JBF	Geel, Belgium	432,000	Commissioning March/April 2014. Prime material ready by June/July 2014.
Koksan	Gaziantep, Turkey	216,000	Plant started up weekend of 2 November. Commercial material

			delivered to customers and used captively for preform production. A minimum of 90% operating rate is expected in 2014.
Koksan	Gaziantep, Turkey	216,000	Building not started, although facilities are in place to run both Koksan lines. Update due Q1 2014.
Lotte Chemical UK (LC1)	Teesside, UK	200,000	In final stages of construction. Operational in February/March.
Polyplex Resins	Corlu, Turkey	210,000 at least for the first year of production, but scaleable up to 300,000	Plant completed. Start-up delayed to the end of March, if not before. Awaiting government approval for privately generated energy source. A company source rejected talk that the plant is for sale and said Polyplex is a profitable company.

Follow Caroline Murray on Twitter @ICISCaroline

Covering editor: Renee Lawrence

PARA-XYLENE CONTRACT PRICES						
Click for Price History			Price Range		One year ago	USD/MT
FD NWE DEC	EUR/TONNE	n/c	1055-1055	n/c	1245-1245	65.43-65.43

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London: +44 20 8652 3335,
sales.uk@icis.com
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