Titanium Dioxide

Editors: (Europe) Samuel Smith, samuel.smith@icis.com; Editorial Europe, editorial.europe@icis.com; (USA) Larry Terry, larry.terry@icis.com; (Asia) Alexis Gan, alexis.gan@icis.com

EUROPE CONTRACT PRICE

<table>
<thead>
<tr>
<th>Click for Price History</th>
<th>Price Range</th>
<th>Four weeks ago</th>
<th>US CTS/LB</th>
</tr>
</thead>
<tbody>
<tr>
<td>FD NWE Q1</td>
<td>EUR/KG</td>
<td>-0.05</td>
<td>2.25-2.45</td>
</tr>
</tbody>
</table>

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

**TiO2 Q1 CP softens due to market over-supply**

European titanium dioxide (TiO2) first-quarter contract prices softened by €0.05/kg at both the low and high end respectively due to lengthy supply, sources said this week.

Buyers in the coatings industry said first-quarter contract prices were agreed with price reductions at €0.05/kg as sellers attempted to balance a long market and secure volumes with their customers.

According to one distributor, TiO2 prices were still under pressure because some producers have plentiful stock stored in warehouses. The distributor added that while the market was improving, a better assessment of the market could be made by February when the coatings peak season gets underway.

**US CONTRACT PRICE**

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<tbody>
<tr>
<td>FD N AMERICA Q4</td>
<td>USD/LB</td>
<td>n/c</td>
<td>1.50-1.65</td>
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** Buyers doubt near-term North America TiO2 pricing power**

Demand destruction brought on by the growing use of extenders and cheaper grades of imported TiO2 pigment is likely to continue to work against North American pigment producers for the early part of the new year at least.

While no new price-hike initiatives were anticipated by buyers even for Q2, most suggested that sellers would try – in vain – to get some of the failed Q1 initiatives through.

Limited Q1 North American TiO2 price-hike endeavours of 5-6 cents/lb ($110-132/tonne) withered partly on a lack of market support, several sources said recently.

One source even suggested prices could weaken during the first quarter, before momentum for the US spring paint and coatings season can begin.

Another source suggested that weakness in Asian sulphate-based material might come as a result of weaker ilmenite ore pricing recently heard in the market. That competition could help weaken even domestic chloride-route material.

There is a growing consensus among market players that Q3 will be producers’ first chance to increase pricing, on anticipated strength in the housing market this year.

Inventories have been heard in the 45-day range, but there was no confirmation of that, and other buyers felt stocks were still at 60 days and beyond.

In trade news, domestic TiO2 exports in November increased by 46% over the same month one year ago, according to US International Trade Commission (ITC) data released during the week.

November exports reflected domestic producers’ efforts to sell off inventory that grew during 2013 on a late-onset coating season that was ultimately lacklustre.

**North American TiO2 exports in tonnes:**

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<thead>
<tr>
<th></th>
<th>NOV 2013</th>
<th>NOV 2012</th>
<th>YTD 2013</th>
<th>YTD 2012</th>
<th>YTD % chg</th>
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<tbody>
<tr>
<td></td>
<td>48,927</td>
<td>33,442</td>
<td>573,591</td>
<td>542,265</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: US International Trade Commission

In industry news, the US chemicals industry hopes to get congressional approval in the new year for a long-needed modernisation of rules governing control of chemicals in...
commerce and an extension for a federal mandate for plant site security.

Sources said both must happen by mid-year or risk getting mired in midterm elections. The president of the American Chemistry Council (ACC) said he hopes Congress will reach an agreement early in 2014 on the proposed bipartisan bill known as the Chemical Safety Improvement Act (CSIA).

On the broader economic front, the US economy is widely expected to approach or reach normal growth rates this year, driven by new energy supplies (shale, for example), a strengthening global recovery and increasing domestic consumer demand, the ACC said.

### ASIA CONTRACT PRICE

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<th>Four weeks ago</th>
<th>US CTS/LB</th>
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</thead>
<tbody>
<tr>
<td>CFR ASIA Q4</td>
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<td>2650-3050</td>
<td>n/c</td>
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<td></td>
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<td>2650.00-3050.00</td>
<td>120.20-138.34</td>
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**Asian TiO2 market cautiously balanced**

The Asian titanium dioxide (TiO2) market was subdued ahead of a major festive celebration, with some fresh discussions under way.

The market outlook seems to be cautiously balanced, as weakening sentiment offset lower global inventory levels.

Buying sentiment remained relatively weak as buying activities slowed down ahead of Lunar New Year starting from end-January to early February. This festival is observed in the key Chinese market and a few countries in the southeast Asian region such as Malaysia, Thailand and Singapore.

In addition, southeast Asian buying appetite was dampened by economic uncertainties because of the upcoming general elections in Indonesia, Thailand and India, some sources added.

Multinational corporation (MNC) producers were heard to be maintaining their prices because of lower inventory levels and in anticipation of better economic growth globally in 2014.

Chinese producers were heard to be offering competitive prices domestically as well as in export prices to offload more cargoes before the major festive celebration.

Buyers were mostly expecting rollover prices, if not lower, for their fresh purchases.

One buyer in the decorative paint sector was expecting prices to be lower by $50-100/tonne from its regular supplier if it intends to increase buying volumes to get ready for the peak season in the second half of the year.

Another buyer in the coating sector commented that demand has always been stable; it is the pricing and supply situations which affected the buying sentiment. It is expecting prices to be rolled over and is capping buying ideas at $2,700/tonne CFR Asia.

In China, buying activities continued to be slow-moving, ahead of the Lunar New Year celebration.

Demand was flat, as downstream end-users were buying on a need-to-basis and restocking cautiously amid uncertain price directions after February or March. The persistent weak demand have led to the closure or reduced operating rates of production plants, especially for smaller-to-mid-size facilities, in southwest and south China.

Domestic prices for rutile-TiO2 were at yuan (CNY) 11,800-13,000/tonne EXWH, lower by 200/tonne as compared to previous week. Anatase-grade TiO2 prices were announced at CNY11,200-11,600/tonne EXWH, although actual deals depends on customers negotiations.

Export cargoes from China fell by around $50/tonne, with prices largely at $2,100/tonne FOB China, because of weaker sentiments from lower domestic prices.

In southeast Asia, fresh negotiations are under way, with most prices rolled over. Import offers for cargoes originating from Europe and the US were at $2,700-3,000/tonne CFR Asia, with buying indications at $2,650-2,900/tonne CFR Asia, depending on the origin and applications.

In India, buyers were heard buying on a hand-to-mouth basis and keeping lean inventory levels before their financial year-end closing in March. Import cargoes originating from southeast Asia were available at $2,850-2,900/tonne CFR Asia and at $2,650-2,700/tonne CFR Asia from non-European origins.

Domestic Indian local rutile grade was transacted at Indian rupees (Rs) 180/kg EXW, unchanged against offers at Rs187/kg EXW.

**Related news**

Luohe Xingmao has delayed its plan to launch chloride-route TiO2 production at its 100,000 tonne/year facility in Luohe prefecture, China, according to a few market players. The unit was expected to start commercial operations in the first half of 2014, but market participants said cost factors have prevented the start-up of the new unit.

Yunnan Xlini has shelved its plan to launch a 60,000 tonne/year chloride-route TiO2 production in Yunnan province, China, because of the high costs involved to produce the chloride materials, according to a few market sources.

Dongfang Titanium, a subsidiary of Panggang group, launched trial production of TiO2 at its two new lines in the week ended 3 January, according to a few sources close to the company.

The two new lines, with a total capacity of 60,000 tonnes/year, will boost its overall nameplate capacity to 100,000 tonnes/year in Sichuan province, China, said one source. The plant is expected to launch commercial shipments by mid-2014, other market sources added.
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