



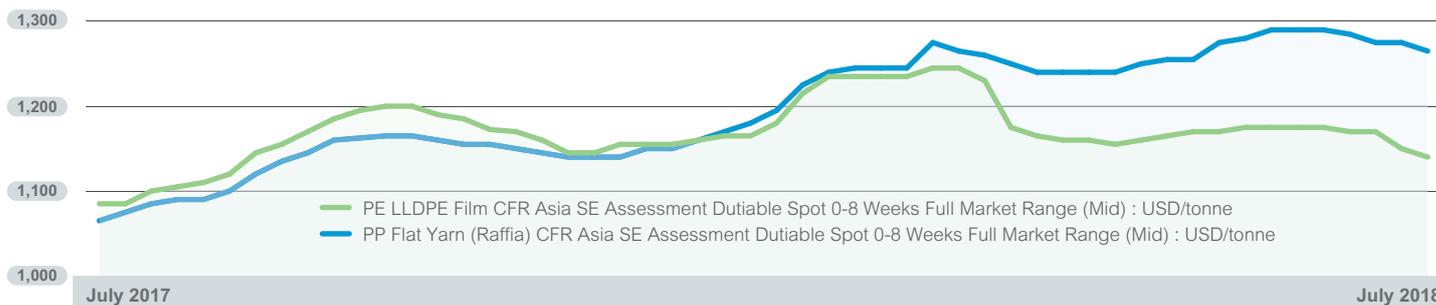
POLYOLEFINS SOUTHEAST ASIAN MARKET OVERVIEW

From early 2018, for the first time in three years, spot prices of dutiable polypropylene (PP) flat yarn in southeast Asia have exceeded that of linear low density polyethylene (LLDPE) prices amid diverging market fundamentals. A relatively tight supply of Middle East cargoes and an

absence of any significant volumes of deep-sea cargoes have provided some support to PP prices over the year. However, availability of competitively-priced India and US cargoes have suppressed LLDPE prices in the region.

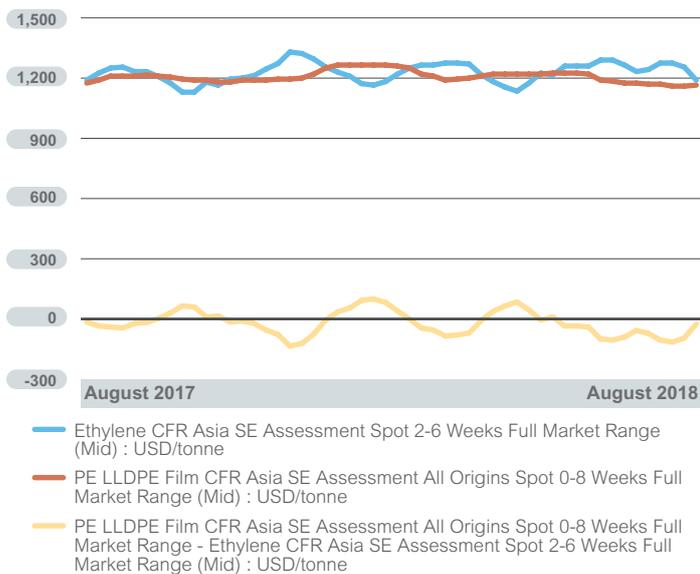
By Felita Widjaja and Leanne Tan

SE ASIA LLDPE AND PP PRICE COMPARISON

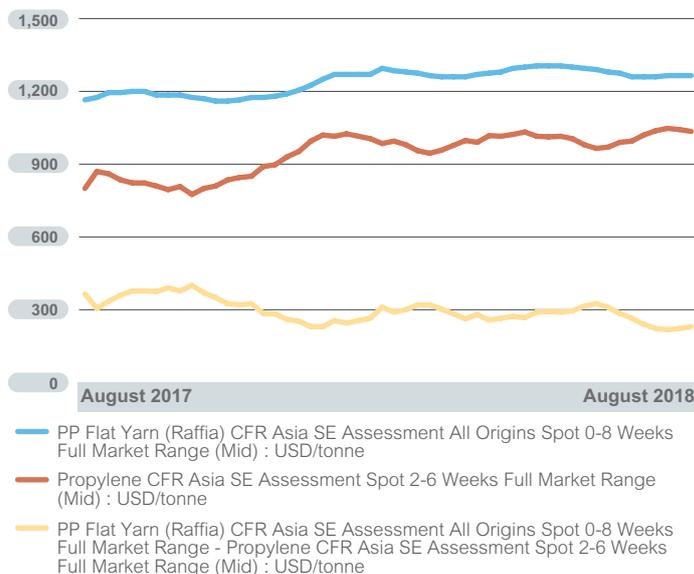


Spreads between feedstock ethylene and LLDPE had weakened considerably since July 2017, resulting in some integrated PE producers selling their ethylene in favor of producing polyethylene. In contrast, propylene-PP spreads have remained relatively stable throughout the years.

SE ASIA C2-LLDPE PRICE SPREAD



SEA C3-PP PRICE SPREAD



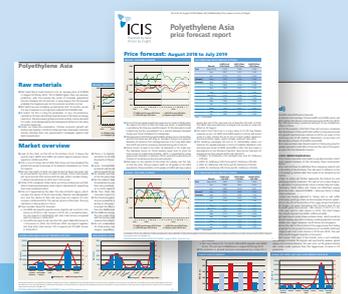
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- Market review analysis, with an economic outlook on the likely impact on the polyolefins markets
- Alternative scenarios to 2018 outlook



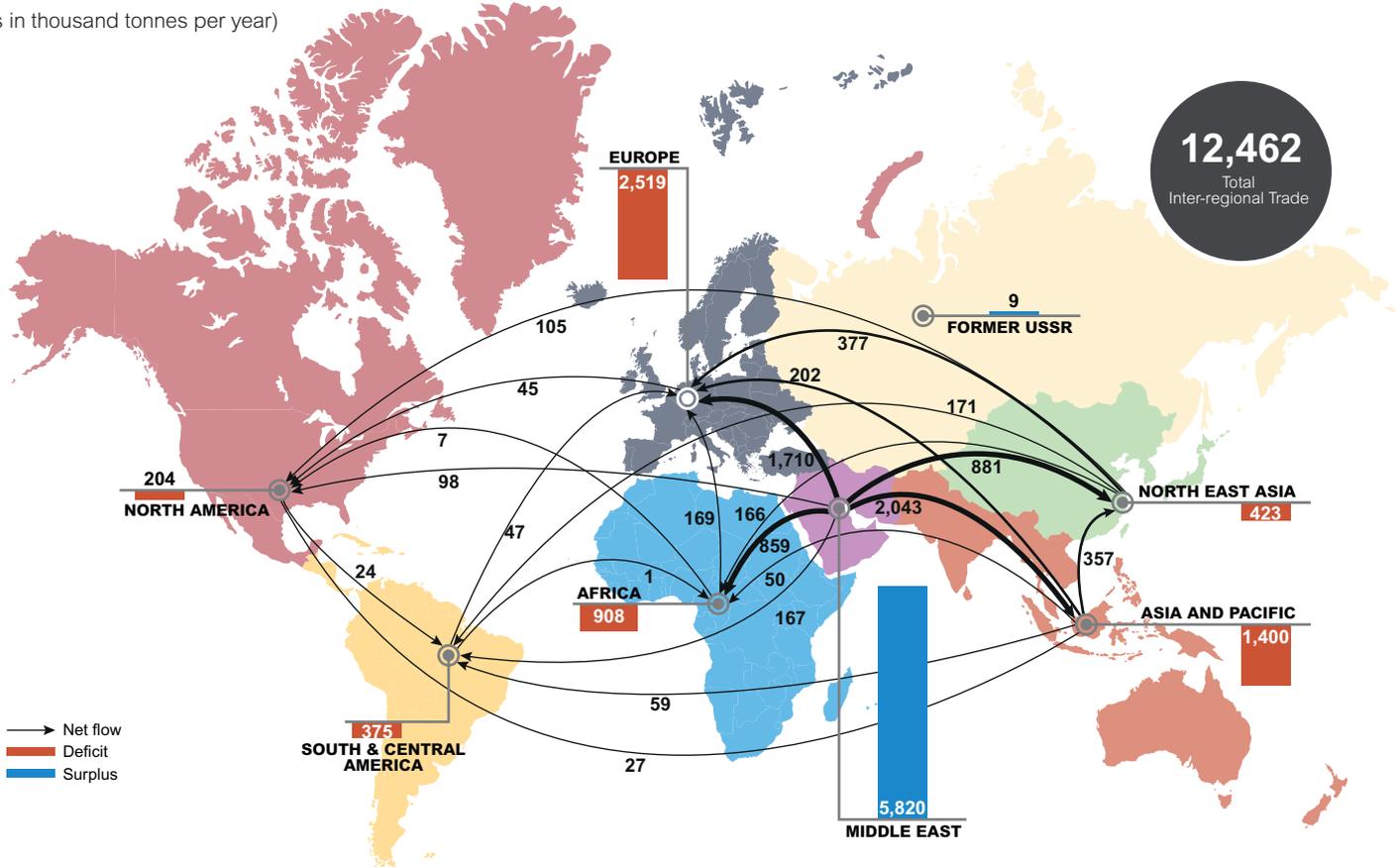
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IMPACT OF US-CHINA TRADE WAR

Demand for polymer imports has slowed down further amid depreciation of local Asian currencies against US dollar, spurred by the ongoing US-China trade war. Southeast Asian market players are concerned on how the prolonged conflicts would impact the regional trade flow. Displaced US PE cargoes, initially targeted for China, might inundate the regional market, outstripping demand growth. China is becoming a less attractive import destination for commodity PP grades as it moves towards self-sufficiency.

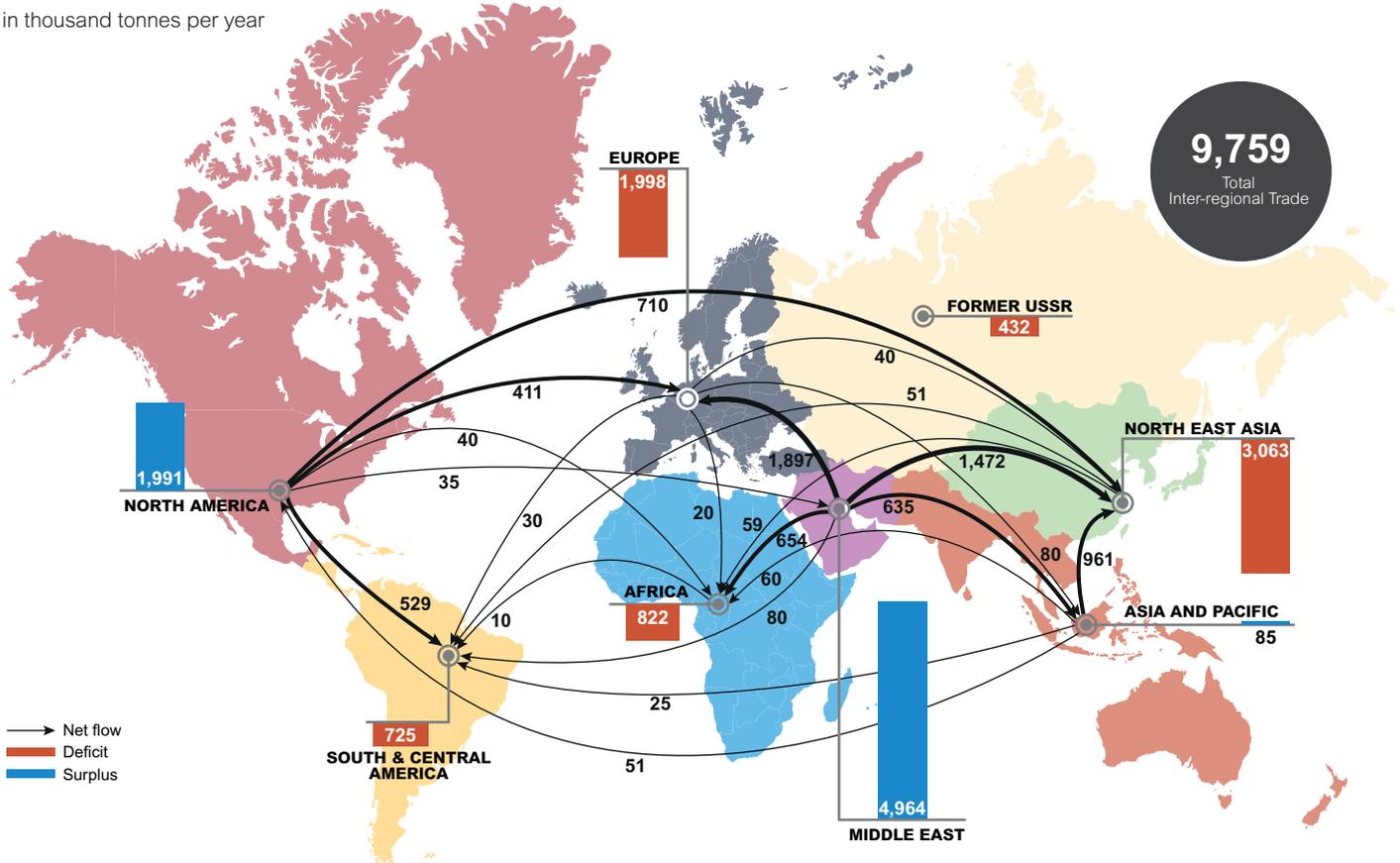
REGIONAL TRADE FLOW – POLYPROPYLENE 2018

(Units in thousand tonnes per year)



REGIONAL TRADE FLOW – LLDPE 2018

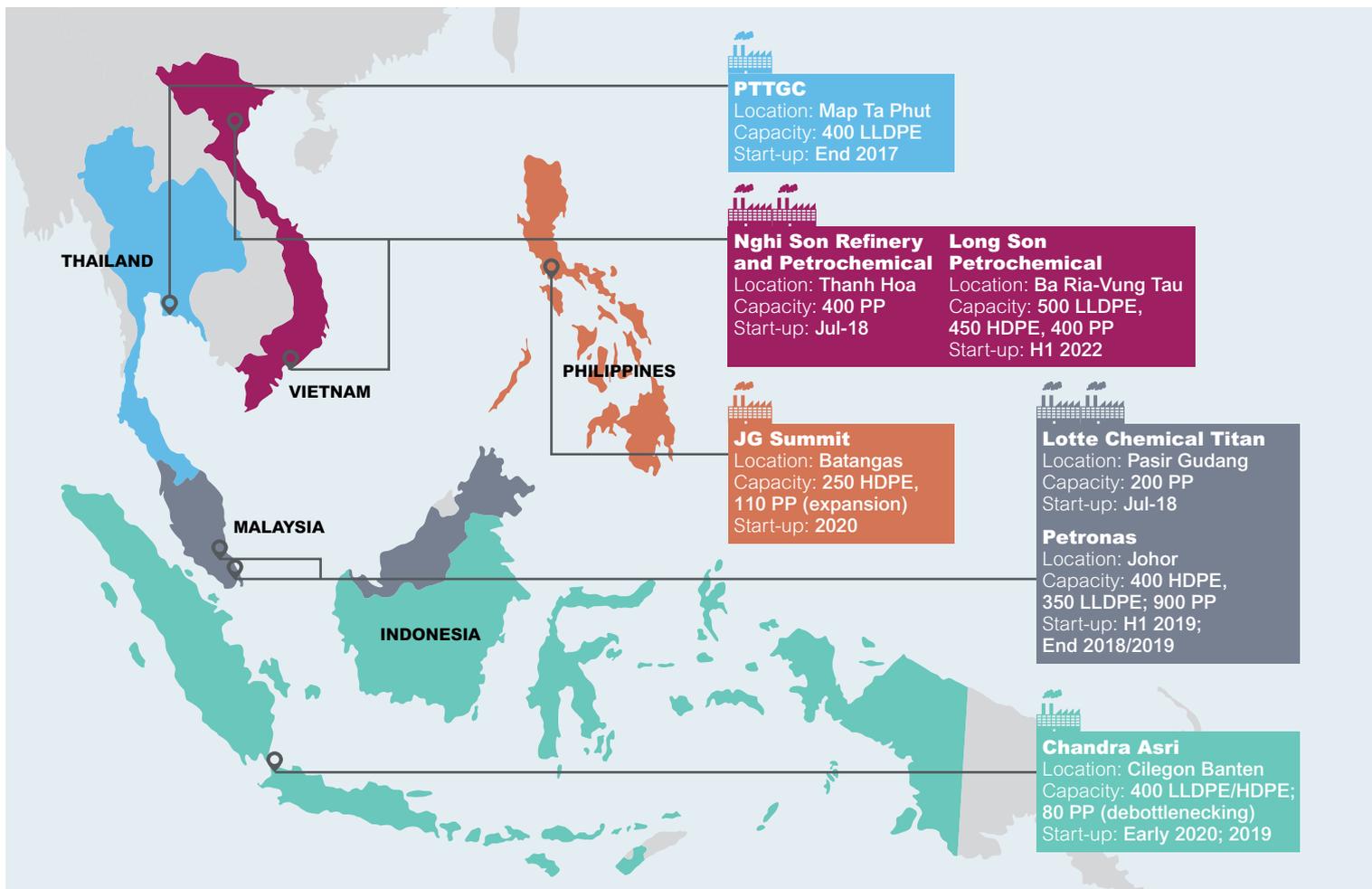
Units in thousand tonnes per year



SE ASIA CAPACITY EXPANSIONS

In addition to global additional capacities, southeast Asia PE and PP expansions are well underway, underpinned by mega projects in Malaysia and Vietnam. Malaysia is set to become a net PP exporter upon completion of the Refinery and Petrochemical Integrated Development (RAPID) project. Meanwhile, Vietnam looks set to welcome its first PE producer when the fully-integrated Long Son Petrochemicals Project starts up in 2022. These additional capacities might exert supply pressure and weigh down on market sentiment in the longer term.

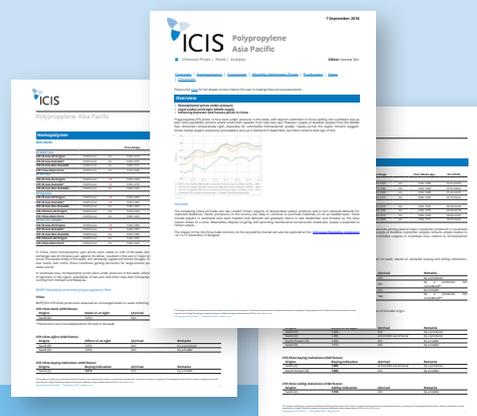
LIST OF PE & PP SOUTHEAST ASIA PLANNED START UPS



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