Key markets covered:

Plasticizers
Polybutylene Terephthalate (PBT) and Butanediol (BDO)

Polycarbonate
Polyethylene (PE)
Polypropylene (PP)

Polystyrene
Polyvinyl Chloride (PVC)
PLASTICS & POLYMERS

PLASTICIZERS

ASIA PLASTICIZERS SPOT PRICES TO BE SUPPORTED IN Q1

BY JOSON NG  JANUARY 2019

Asia spot prices for plasticizers could some see support in the first quarter of 2019 on restocking ahead of the Lunar New Year in the first week of February, and slight thaw in trade tensions between the US and key Asian market of China.

The US and China managed to agree on a 90-day truce to deescalate trade tensions during the G20 meeting in December and that may be good news for the plasticizers market for the first quarter of the year.

While uncertainties remain, producers or end users alike would in theory be able to plan their run rates safe in the knowledge that the trade war would not get worse in the near term.

And with the traditional pre-Lunar New Year restocking activities, demand for plasticizers could possibly improve.

On the feedstock front, 2-ethylhexanol (2-EH) could enjoy some support in the first quarter of the year. The run up to the Lunar New Year could also see some traditional restocking activities in the region.

The post-holiday market could see some uncertainties as major feedstock propylene spot prices have declined following the week-long holiday for the last 2 years.

On the propylene front, spot prices in Q1 could see some support in the run up to the Lunar New Year (in early February) after ending 2018 on a dismal note.

Critical market data, tools & expertise
Supply of diisononyl phthalate (DINP) in northeast Asian could start the year on the tight side as one feedstock isononanol (INA) unit is only set to resume production in February.

As such, supply of DINP could be limited.

In Europe, there are some uncertainties on demand for Asian cargoes as inventories are set to end the year 2018 on a low.

Some European buyers are not very optimistic with current economic climate and that could be a dampener for demand.

In the US, there too are some uncertainties for Asian cargoes as 2019 supply and demand may depend on the production of the auto industry.

Margins for dioctyl phthalate (DOP) have been healthy for most of 2018, according to ICIS data.

Diocctyl terephthalate (DOTP) was trending largely in a similar vein, with margins in the positive territory in the final quarter of 2018.

Spot prices for DOTP were trending up overall in 2018.

Spot prices were at $1,210/tonne CFR (cost and freight) China on 5 January and was at $1,240/tonne CFR China in end of December.

DOP on the other hand was slightly lower. It started the year at $1,130/tonne CFR east Asia and was at $1,080/tonne CFR east Asia in end December.
Asia spot prices of 1,4-butanediol (BDO) and its downstream polybutylene terephthalate (PBT) are expected to continue their downward trend in the first quarter of 2019, and the prospects for recovery are seen weak for the rest of the year.

The BDO prices in China will face mounting pressure from reduced PBT demand, though production cuts in China will cushion the fall in the PBT price downside.

Chinese BDO supply is expected to remain ample as government restrictions on industrial energy usage in winter will be less prominent than last year, prompting producers to run at higher rate in the absence of stringent rules on hopes of exporting more material for better net-backs.

Suffice to say, Chinese BDO import volumes will most likely remain subdued in 2019, and Chinese producers will count on the export market.

In the Chinese import market, both BDO and PBT prices are expected to track the price movements in the key China market to some extent, although there has been a noticeably widening price gap between Chinese BDO imports and domestic cargoes.

Poor local Chinese demand will persist in the early weeks of the new year. Consumption in China had dwindled in the past months with the approach of the year-end lull as buyers were hesitant to stock up on cargoes because they prefer to keep their inventory levels lean.
Demand will likely pick up only from the second half of February onwards as downstream plants in China are expected to shut for two weeks ahead of the Lunar New Year holiday in early February.

Upstream-wise, the prices of various feedstock used by different BDO producers outside China - including butadiene (BD), propylene, propylene oxide (PO) and maleic anhydride (MA) - are not expected to increase significantly in the first quarter 2019, amid declining crude oil values and overall poor market sentiment.

The other main feedstock used in PBT production besides BDO – purified terephthalic acid (PTA) – may see price gains. The price upside in PTA, however, may be limited in early 2019 after China import prices plunged by 25% from its peak in mid-September 2018 before bottoming out in end-November. There are limited scheduled maintenance at PTA facilities in the near term, and the current tight supply may gradually ease going forward.

Meanwhile, the average operating rate of PBT plants in China dropped to around 70% of capacity in early December, from 80% in the second half of November, following the tumble in PBT domestic prices in late-November.

PBT domestic prices had slumped to a low of Chinese yuan (CNY) 9,500/tonne ($1,381/tonne) DEL (delivered) China at one point before recovering to CNY11,000/tonne DEL China within a couple of weeks after the output cuts, according to market sources.

Low-priced China PBT exports will likely vanish after the rebound in China domestic prices since early December.

As for BDO, China domestic prices have been on a steady downtrend trend, with average prices hovering at slightly above the CNY10,000/tonne DEL China mark as of 11 December, down from its 2018 peak of CNY11,700/tonne DEL China in April.
Asia’s polycarbonate (PC) prices are expected to take on a soft trend in the first quarter at least, with ample supply expected to keep a lid on any potential upsurge, market sources said.

Spot prices of PC are poised to take cues from movements in upstream raw material bisphenol A (BPA) markets, particularly in China. A persistently weak Chinese Yuan currency to the US dollar, compounded with the ongoing US-China trade tensions, has depressed sentiment, making imports uneconomical.

Meanwhile, substantial falls in BPA prices in China have generated downward pressure on most PC grades, along with prices of other engineering plastics over the last three months. BPA is used in the production of PC resins.
Spot prices for most grades of PC spiralled downwards through most of the fourth quarter.

The spread between PC and BPA narrowed to around $800/tonne levels towards the end of the fourth quarter, from the low $1,000s/tonne in the third quarter of 2018.

This consequently forced PC producers in parts of northeast Asia to trim production to mitigate squeezed margins.

In the week ended 12 December, spot prices of GP moulding-grade PC or the injection grade averaged at $2,200/tonne CIF (cost, insurance and freight) China, marking a hefty decline of 35% compared to the same period in 2017, according to ICIS data.

The bearish sentiment may persist from January to March, amid a slowdown prior to the Chinese Lunar New Year festival that takes place on 5 February 2019.

“Prices [of optical-grade PC] are likely to hold stable at best just before the Lunar New Year in February,” a northeast Asia-based market source said.

In addition, the market is expected face ample supply, given China’s Luxi Chemical’s newly-added 65,000 tonne/year PC unit to its plant located in Shandong province.

This brings the PC capacity of Luxi to 130,000 tonne/year with the current 65,000 tonne/year included.

Meanwhile, a third PC line, of a similar capacity, is on a trial run.

On the other hand, demand already rattled by the impact and uncertainty from the trade tensions as well as a slowing Chinese economy, may be bleak going forward.

“February [markets] should be quiet because of the Lunar New Year holiday,” a separate northeast Asia-based market source said.

Depending on [the outcome] of the US-China trade talks and crude oil’s price direction, spot PC prices are unlikely to see much of a rebound,” a China-based market source said.

China’s official manufacturing purchasing managers’ index (PMI) fell to 49.4 in December, the first contraction in two and a half years, according to National Bureau of Statistics (NBS).

PMI is a barometer of an economy’s manufacturing activity, in which a reading above 50 means expansion and below 50 as contraction.
Southeast Asia polyethylene (PE) market is likely to face some downward pressure in 2019 on oversupply as demand could not catch up with the large capacity additions.

Import PE supply is expected to swell amid another round of new PE plants start-ups, creating more options for converters while suppressing prices in return, industry sources said.

The first wave of shale gas projects in the US and PE expansions in India had added around 6m tonnes of PE capacity from 2017 to 2018 with linear low density polyethylene (LLDPE) being the most volume added, followed by high density polyethylene (HDPE) and low density polyethylene (LDPE) grades.

In the first half of 2018, both domestic and import prices saw some gains across all PE grades, with dutiable HDPE prices surging above $1,400/tonne CFR SE Asia on average in March, a price level last seen in 2015. Prices were supported by tight supply situation amid limited production and commercial shutdowns, stemming from much higher feedstock ethylene price and robust demand in PE pipe market. Regional PE producers with integrated plants switch to selling their ethylene when prices are high for better netback, lowering their PE production.

The surge in demand for HDPE pipe, amid growth in the construction sector in Asia, has given more incentive for HDPE producers to switch their production to pipe instead of film grade, tightening the latter supply in the process.

In the second half of the year, PE prices moved away from their respective peaks and steadily declined month-on-month, with LLDPE film grade performing the worst.

Dutiable LLDPE prices reached a 9-year low at $1,000/tonne CFR SE Asia on average, as of mid-December 2018, amid mounting supply pressure.

India is exporting heavily to southeast Asia after it turned into a net exporter in 2018, with the region making close to 20% of its total export volumes in 2018.

An additional 25% tariffs, imposed on 23 August, for most US import PE cargoes in China had rendered US cargoes unappealing to Chinese buyers, effectively closing the prime import destination to US producers.

As a large chunk of export volume from the new US PE plants that came online in 2017 and 2018 were initially meant for China, US suppliers need to find many other markets to sell to, to bridge the gap.

In order to gain foothold and market share in Asia, US suppliers were inclined to offer competitive prices, particularly for LLDPE grade, should the US-China trade tension continues throughout 2019.

Offers for US LLDPE cargoes were readily available below $1,000/tonne CFR SEA, largely at $950-980/tonne CFR SEA, around $50/tonne lower than other offers available from regular Saudi and Middle East suppliers.

The supply glut looks set to intensify in 2019 as more PE producers are on track to start up their plants, adding close to 7m tonnes of additional PE supply globally.

### GLOBAL PE CAPACITY EXPANSION 2019

<table>
<thead>
<tr>
<th>Company</th>
<th>Capacity (kt/year)</th>
<th>Grade, breakdown</th>
<th>Location, Location</th>
<th>Start-Up</th>
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<tbody>
<tr>
<td>Formosa Plastics</td>
<td>800</td>
<td>HDPE (400), LDPE (400)</td>
<td>Point Comfort, Texas</td>
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</tr>
<tr>
<td>Sasol</td>
<td>420</td>
<td>LDPE</td>
<td>Lake Charles, Louisiana</td>
<td>2019</td>
</tr>
<tr>
<td>LyondellBasell</td>
<td>500</td>
<td>HDPE</td>
<td>La Porte, Texas</td>
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<tr>
<td>ExxonMobil Chemical</td>
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<td>Beaumont, Texas</td>
<td>2019</td>
</tr>
<tr>
<td>Sibur</td>
<td>1,500</td>
<td>LLDPE/HDPE (400<em>2), HDPE (350</em>2)</td>
<td>Tobolsk, Russia</td>
<td>Q4 2019</td>
</tr>
<tr>
<td>Petronas</td>
<td>750</td>
<td>HDPE (400), LLDPE (350)</td>
<td>Johor, Malaysia</td>
<td>Q4 2019</td>
</tr>
<tr>
<td>Chandra Asri</td>
<td>400</td>
<td>LLDPE/HDPE</td>
<td>Cilegon, Indonesia</td>
<td>Q4 2019</td>
</tr>
<tr>
<td>Jiutai Energy</td>
<td>250</td>
<td>LLDPE/HDPE</td>
<td>Inner Mongolia, North China</td>
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</tr>
<tr>
<td>Zhong’an Lianhe Chemical</td>
<td>350</td>
<td>LLDPE/HDPE</td>
<td>Anhui, East China</td>
<td>H2 2019</td>
</tr>
<tr>
<td>Qinghai Damei</td>
<td>300</td>
<td>LLDPE/HDPE</td>
<td>Qinghai, Northwest China</td>
<td>Q3 2019</td>
</tr>
<tr>
<td>Zhejiang Petrochemical</td>
<td>750</td>
<td>LLDPE/HDPE (300)</td>
<td></td>
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<tr>
<td>HDPE (450)</td>
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<tr>
<td>Zhejiang, East China</td>
<td>Q3 2019</td>
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<tr>
<td>Baofeng Energy</td>
<td>300</td>
<td>LLDPE/HDPE</td>
<td>Ningxia, Northwest China</td>
<td>H2 2019</td>
</tr>
</tbody>
</table>
There is relatively limited supply pressure for non-dutiable ASEAN (Association of Southeast Asian Nations) cargoes as the bulk of additional supply were for dutiable cargoes.

This might act as a catalyst to widen the price gap between dutiable and non-dutiable cargoes further in 2019.

On the demand side, most buyers in southeast Asia have largely been weighed by bearish market sentiment, which might continue to manifest in 2019 amid tilted supply-demand balance.

Most converters opt to rely on more prompt shipment imports for their immediate requirements amid market uncertainty.

Similarly, traders and stockists are cautious to take any position, opting to hold on to minimally comfortable allocations and stock levels amid market uncertainty.

Industry sources see Vietnam becoming a more targeted exports market in Asia, apart from China, in the foreseeable future.

Vietnam market has been inundated with competitively-priced import cargoes from India and the US due to its full reliance on imports and zero import duty policy while other southeast Asian countries impose between 5-15% of import duty for non-ASEAN PE cargoes.

Prices in Vietnam could be significantly lower than other southeast Asian regions, which might isolate price movements in Vietnam from the rest of southeast Asia, warranting separate price assessments, sources said.

Overall outlook for 2019 remains cautious with some risk of further downtrend across PE grades while some market players believe that LLDPE prices had reached the bottom.

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Polypropylene (PP) spot prices in southeast Asia may continue to be suppressed moving into the first quarter of 2019 as the market continues to grapple with fresh supplies and tepid downstream demand amid global trade tensions.

2018 started on a bullish note, with all-origins PP flat yarn grade prices peaking for the year at $1,305/tonne CFR (cost and freight) southeast (SE) Asia in early June, a close to 10% increase from January, according to ICIS data.

For the first three quarters of 2018, spot prices stayed consistently higher than the same period in the year prior, with all-origins spot prices mostly staying over the $1,250/tonne CFR SE Asia mark; supported by healthy import buying appetite and lower than anticipated inventory levels in China.

Some unexpected turnarounds in the Middle East and parallel gains in the upstream propylene market further propelled regional PP spot prices.

However, sentiment took a dramatic turn for the worse in the last quarter, with spot prices plunging by more than 13% within the short span of seven weeks.

Trade tensions between US and China stoked volatility in the petrochemical markets in the later part of 2018, and the PP market was not spared. For most of Q4, demand in southeast Asia was in the doldrums.

Converters and end-users in southeast Asia were making procurements on a hand-to-mouth basis, opting to keep stocks lean amid concerns that spot prices may lose further ground in the weeks ahead.

Meanwhile, the market continues to grapple with fresh supply, with the start-up of Nghi Son Refinery and Petrochemical’s (NSRP) 400,000 tonne/year production unit in Vietnam and Lotte Chemical Titan’s 200,000 tonne/year facility in Malaysia.

Availability of duty-exempted ASEAN origin cargoes in particular has lengthened considerably as a result, resulting in a narrower price gap between dutiable and non-dutiable PP cargoes in SE Asia; a trend that is likely to continue well into 2019.

The scheduled mid-2019 start-up of the Refinery and Petrochemical Integrated Development (RAPID) project in Malaysia’s southern state of Johor is expected to add a further 900,000 tonnes/year of PP capacity in the region.
With the start-up of the new unit, Malaysia is expected to become a net PP exporter with a total production capacity of 1.54m tonnes/year by 2020, putting a massive dent on its demand for imports.

In Thailand, some local traders harboured concerns over political uncertainties surrounding the upcoming general election after four years of military rule which could have possible implications on the country's economy.

The local market in Vietnam continues to struggle to achieve a new equilibrium with the start-up of NSRP's new PP production unit. The producer's main focus thus far has been on commodity homopolymer grades, leading to a reduced dependency on imports for commodity grades in the country.

In particular, Vietnam has seen very limited imports of Chinese origin PP cargoes.

Initially, there were expectations that new capacities in China may result in Chinese suppliers seeking to export more volumes to Vietnam.

However, NSRP's start-up has led to increased price-competition between locally-produced materials and imports within Vietnam, as new market players struggle to establish market share in the country.

Meanwhile, Indonesia is expected to see growing volumes of South Korean origin exports in 2019, in particular for copolymer grades; for which South Korean exporters enjoy duty-free status in Indonesia.

Throughout the past year, Indonesia has seen competitively-priced South Korean copolymer exports being offered in the country, exerting increasing pressure on ASEAN producers, whose cargoes are similarly exempt from duties in Indonesia.

While there are concerns that the increased availability may lead to an eroded price gap between dutiable and non-dutiable copolymer prices, it is worth noting that the bulk of PP start-ups in China and southeast Asia have thus far been focused on mainly homopolymer grades.

Hence, some market players are hopeful that spreads between homopolymer and copolymer grades could be maintained, at least in the near term.

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PLASTICS & POLYMERS

POLYSTYRENE

ASIA’S POLYSTYRENE TO BE DRIVEN BY FEEDSTOCK VOLATILITY

BY YAW MIN JIE AND YUANLIN KOH  JANUARY 2019

Asia’s polystyrene (PS) prices shall take strong cues from volatility in upstream feedstock styrene monomer (SM), as margins are a main driving force for liquidity in the regional markets.

The PS prices largely mirrored the movements of feedstock SM last year: they plunged to an intra-year low of $1,220/tonne and $1,285/tonne CFR (cost & freight) China in November in tandem with SM for both general purpose (GP) and high-impact (HI) grades.

The SM prices, as a matter of fact, hit an intra-year low of $982.50/tonne CFR China over the same period, ICIS data showed.

In a swift response to falling prices, Chinese PS producers reduced their run rates and curbed supply for December and January.

“Suppliers in China cut their run rates to around 70% and above as they had purchased SM earlier at higher prices, rendering their margins narrower since PS is softer now given sluggish seasonal demand and falling feedstock prices,” a regional distributor said.

The market is on the edge over the price movements of SM in the new year, as the product is regarded a key driver in determining PS pricing trends.

Demand wise, buying interest is expected to pick up slightly in the first quarter in key market China, as the manufacturing sector gears up ahead of the Lunar New Year festivities.

Traditionally, China is a huge PS consumer, raking in 600,000-700,000 tonnes on a yearly basis.

Around 10% of the total PS output in Asia is fed into China, one of the top buyers in the region.

The total capacity of plants in northeast and southeast Asia is estimated to be around 7.66m tonnes in 2019.

PS resins are used for packaging, toys, consumer electronics, and a variety of consumer items including utensils and disposable food-ware.

“The mood of the market is more optimistic [this year] because US has agreed not to raise tariffs on Chinese goods and thus US demand for Chinese PS end-products will not be adversely affected,” a northeast Asian producer commented.

It was agreed on 1 December that Washington would not raise tariffs on $200bn Chinese goods from 10% to 25% from 1 January 2019.

The US is a key importer of PS end-products.

Meanwhile, with several SM plants in northeast Asia and the Middle East scheduled for turnarounds from January 2019, a cut in supply would bolster the feedstock prices and support PS offers.

The situation, however, can be a double-edge sword.

The margins could narrow if higher PS offers fail to inspire buyers.

“There is no increase in downstream capacities in 2019. This may prompt a cut in PS run rates again,” one PS trader said.
In the Middle East, the buyers prefer to source within the region and rely less on Asia, on the back of competitive rates on a delivered basis, flexible payment terms and shorter delivery times.

 Already, the buying interest for Asian PS has waned in the Middle East.

 The Middle East buyers tend to seek Asian material only when the regional supplier has sold out all its cargoes, and at small quantities.

 The demand in the Middle East is likely to be stable-to-soft in the near term during the seasonal lull in the first quarter.

 In the Gulf Cooperation Council (GCC), the market is optimistic about the peak tourism season in the first quarter because of clement weather conditions.

 Therefore, the consumption of food disposables would be higher.

 In south Asia, market players are upbeat about the near term when buyers would replenish their inventory levels after months of paltry purchases.

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POLYVINYL CHLORIDE (PVC)

ASIA PVC LIKELY TO BE STABLE-TO-FIRM IN Q1

BY JONATHAN CHOU  JANUARY 2019

Sustained demand in India for polyvinyl chloride (PVC) and increased safety concerns in China are likely to lend support to firmer prices in the first quarter of 2019.

In 2018, PVC prices saw a downturn in May and June due to ample supply from US cargoes. Prices recovered slightly and then fell again in late September amid depreciating Asian currencies caused by the US-China trade war, as well as continued supply from the US.

For the week ended 21 December, average prices of multi-purpose PVC remained stable at $880/tonne CFR China, reflecting scant discussions.

PVC material headed to southeast Asia were assessed at an average of $867.50/tonne CFR SE Asia, as some sellers reduced their January-loading indications amid a year-end seasonal lull in demand.

The trade war between US and China certainly affected the PVC market in 2018. In late August, tariffs on 25% kicked in on US shipments of precursor ethylene dichloride (EDC) to China.

US EDC export volumes into Asia also fell last year, as US producers kept their volumes for captive use into PVC production.

Tariffs of 10% were imposed by the US on finished goods containing PVC from China in late September. While these tariffs were scheduled to rise to 25% on 01 January 2019, the hikes were delayed by 90 days as both countries enter talks to resolve the dispute.

Despite the temporary truce, outcomes of the US-China trade war still remain unclear, and continues to weigh on sentiments in the region.

In China, ongoing safety inspections ordered by the government are likely to continue affecting production rates in the country.

The increased safety concerns come after an accident in late November near a carbide-based PVC producer in Hebei. The blast caused 23 fatalities, and was caused by a leakage of flammable vinyl chloride.

While around 80% of Chinese producers are carbide-based and get their feedstock from limestone and coke, market sources say both carbide-based and ethylene-based producers are affected by the ongoing inspections.

This may lend support to higher prices amid tighter supply in the country.

Apart from China, India was another key player in the Asian PVC market last year, and both countries will continue to play instrumental roles in 2019.

Sentiments in India were particularly affected by the rupee devaluation against the US dollar in 2018, caused by the US-China trade war.

On the other hand, the south Asian country’s economy is expected to grow at 7.5 percent in fiscal year 2019/20, reflecting robust private consumption and strengthening investment, according to the World Bank. Overall demand for PVC is likely to strengthen on infrastructure demand and housing projects.

Nevertheless, any currency headwinds will continue to be a potential disruptive force on India’s buying sentiments this year.

Southeast Asian importers are expected to be monitoring the Chinese market as well. When Chinese domestic prices are higher than import prices, very limited or no Chinese cargoes will be exported. Buyers in southeast Asia then have to source for other alternatives, typically at higher prices.
INDIA PVC DEMAND TO RECOVER IN Q1 ON AGRICULTURAL PIPES

BY ZIN XUAN HO  JANUARY 2019

Polyvinyl chloride (PVC) demand in India is expected to improve in early 2019 in view of the peak season for pipe laying in the region.

Traditionally stronger demand for pipes from the agricultural sector is expected to support prices during Q1 2019.

In 2018, the market saw seasonal demand in Q1 while prices were largely stable from May to September after which prices declined owing to poor demand in the wake of an extended monsoon season.

Lower crop prices for the year also affected PVC sales as farmers were cautious with investments due to a tighter cash flow.

The US-China trade war has also impacted the market, with the US dollar-Indian rupee exchange rate reaching all-time lows in the year.

This caused Indian buyers to be sidelined for most of the year, opting only to buy as-needed from domestic suppliers where possible to recoup margins.

The low interest in imports and excess supply prompted many producers to decrease offers, resulting in an all-year low price in November 2018.

However, players believe the prices had bottomed out in mid-December, and demand is slowly improving ahead of the seasonal peak starting in January.

The Indian PVC market is now poised for a recovery, as players believe activity should increase in the new year.

About 70 per cent of the total demand for PVC in India comes from the pipes sector as PVC is widely used in the manufacture of underground irrigation and water distribution pipes.

The remaining 30 percent of demand comes from the construction sector where PVC is used to manufacture films, profiles, insulation and in calendaring applications.

The first quarter of 2019 is expected to see better sales and higher demand, although a slowdown is expected ahead of the the upcoming elections in April.

In the Middle East, trends for the Gulf Cooperation Council (GCC) and East Mediterranean (East Med) were similar.

The region saw an uptick in demand in the beginning of the year, from stock replenishing activities.

There was a fall from March to May, as demand dwindled, but slowly recovered and prices were mostly stable from June to September.

The market then saw a dip in prices as demand tapered off amid an unexpectedly weak Q3.

Exporters reduced offers in a bid to attract buyers, but majority of the region’s buyers were well-supplied by a local producer and said they saw no need to order import cargo given higher prices and longer delivery times.

Inventories were high due to limited demand for finished PVC pipes, and buyers were mostly purchasing only on an as-needed basis, from a major domestic producer, whose prices were deemed more competitive.

Much of the demand for PVC in the Middle East comes from the construction sector where PVC is used for making pipes.

Last year, Dubai approved the biggest ever budget for 2018, to ramp up infrastructure spending ahead of Expo 2020, which was expected to give a push to demand for PVC within the UAE from 2018 onwards.

Contrary to expectations, demand was dull for much of 2018.

While the region saw traditional market lulls in the months of the Ramadan and Eid ul-Fitr holidays, much of the weak sentiment was attributed to the US-China trade wars, which prompted most players to remain cautious about volume import purchases.
US-origin cargoes were deemed too expensive for majority of the buyers and offers attracted limited interest for much of the year. This did not happen as the ongoing trade war weakened market sentiment, increasing cautiousness in the way players approached purchasing.

Other offers from Europe and Asia were met with similarly weak interest, in view of higher prices and longer delivery windows.

Market sources conceded that the cash flow issues plaguing the region in recent years also contributed to the lack of demand for PVC in the region as investments in construction slowed.

Looking ahead, demand in the region is not expected to show great improvement in the near future, considering the limited market for finished goods.

This is because the region continues to be affected by slow investments in construction, cash flow issues, and high prices of imports.

While the market expected rehabilitation efforts following wars in Syria and Iraq to drive construction and building activity, thereby supporting greater PVC demand in 2018,