

Prices start spiralling as US Gulf Coast storm leads to widespread outages...

The US Polar storm has resulted into widespread outages in the Gulf Coast region and has started creating supply disruptions. Our channel checks are indicating steep rise in some of the chemicals on MoM basis. Though, it is difficult to predict how long these spikes would last, it is likely to benefit/impact some of the companies in the near-term. The key highlights from our checks are as follows.

Supply disruption in global market is driving TDI and MDI prices by 17.1% and 4.8% MoM. ABS and Polystyrene prices continue to remain elevated (rose 1.9% and 41.3% MoM) led by supply constraints and high raw material prices.

Phenol prices rose sharply by 72.3% MoM led by global supply chain disruption. During last fortnight, Phenol spreads rose by 7.8% to US\$ 761/MT. Average spreads for 4Q'21 are now up 10.9% YoY while it is still down 17.6% QoQ to US\$ 636/MT. Average spreads for FYTD21 are up 53.0% YoY to US\$ 796/MT.

BoPET and BoPP prices rose 4.5% and 16.4% MoM on account of increase in raw material prices and supply constraints.

Refrigerant prices inched upward in the range of 1.8% to 2.4% MoM on account of healthy demand and increase in raw material prices. VAM prices continue to inch upward (up 76.2% MoM) led by disruption in global supply chain.

DASDA prices corrected by 12.5% MoM led by easing supply from China while Optical Brightener prices continued to remain soft led by subdued demand. Vinyl Sulphone prices rose 16.3% MoM led by raw material shortage while H-Acid prices remained flat MoM.

Chemical Price Movement

Chemicals	Jan 21	Feb 21	MoM (%)	Companies having exposure
Vinyl Acetate Monomer	105	185	76.2	Pidilite Industries (RM)
Phenol	65	112	72.3	Deepak Nitrite
Acetic Acid	57	90	57.9	GNFC
Acrylonitrile	126	185	46.8	Vinati Organics (RM)
Polystyrene	92	130	41.3	Supreme Petro, INEOS Styrolution
Acetone	61	86	41.0	Deepak Nitrite
Aniline	110	150	36.4	GNFC
Iso Propyl Alcohol	80	108	35.0	Deepak Nitrite
Styrene	88	113	28.4	Raw Material For Bhansali, Supreme Petro, INEOS, Apcotex
Phthalic Anhydride	85	100	17.6	IG Petro Chemicals and Thirumalai Chemicals
TDI	175	205	17.1	GNFC
BOPP	140	163	16.4	SRF
Vinyl Sulphone	215	250	16.3	Bodal, Shree Pushkar, Bhageria, Kiri
Caustic Soda Flakes	28	30	7.1	Gujarat Fluoro, GACL, Meghmani Organics, Atul
MDI	210	220	4.8	BASF
BOPET	112	117	4.5	SRF
ABS	270	275	1.9	INEOS Styrolution, Bhansali Engin.

US chemical plants outages led by Polar storm

Company name	Plant locations	Products
Braskem	Point Comfort/Baton Rouge, Louisiana	PP
	La Porte, Freeport, Seadrift,	Polypropylene
Chevron Phillips	Port Arthur	Cracker, HDPE
	Sweeny	
	Cedar Bayou	
Dow	Freeport and La Porte, Deer Park St. Charles, Louisiana Texas City	MMA, VAM, MDI, PO, PG
	Plaquemine, Louisiana	PO, PG
	Freeport	Ethylene, Propylene
Eastman	Longview	Olefins, EO, EG
ExxonMobil	Baytown	Ethylene, Propylene, Benzene, Base oil groups I & II, MX, OX
	Beaumont	Gasoline, Ethylene, Propylene, Refined products, Benzene, PX, LDPE
	Texas and Louisiana	PP & PE
Flint Hills	Corpus Christi	Benzene, propylene
Formosa Plastics Corporation USA	Point Comfort	Ethylene, propylene, HDPE, LDPE, LLDPE, PP, VCM, PVC, Chlorine, Caustic Soda, EG
Indorama Ventures	Port Neches	PO, PG and MTBE
INEOS	Texas	PP, HDPE, Styrene
Lotte	Lake Charles, Louisiana	Ethylene oxide (EO), Ethylene glycol (EG)
LyondellBasell	La Porte, Channelview and Bayport, Corpus Christi	Ethylene, Propylene
	Houston	Gasoline, Refined products, Methyl tertiary butyl ether (MTBE)
Matharon Petroleum	Galveston Bay	Gasoline, refined
MEGlobal	Freeport	EO, EG
Motiva Enterprises	Port Arthur	Cracker
Olin Corp	Freeport	Vinyls, Epoxy, Chlorakali
OQ Chemicals	Bay City	Oxo-alcohols, aldehydes, acids and esters
OxyChem	Corpus Christi	Chlorine, caustic soda, EDC, vinyl chloride monomer and polyvinyl chloride
Total	Port Arthur	Propylene
	La Porte	Polypropylene
TPC Group	Houston	Butadiene (BD)
Westlake Chemical Partners	Lake Charles, Louisiana	Ethylene

Source: Platts, Argus Media, ICIS, Reuters, B&K Research

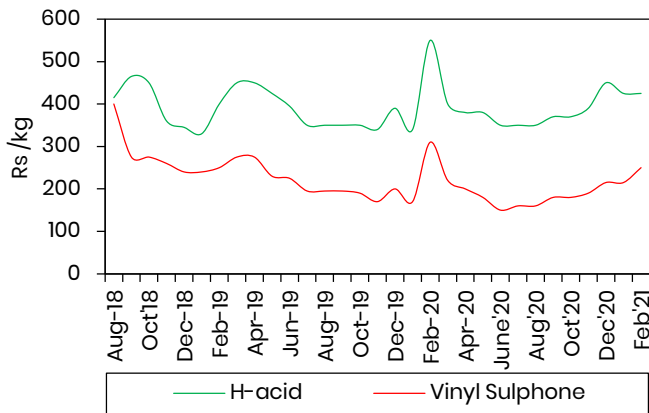
US chemical plant Force Majeures

Company name	Plant locations	Products
INEOS Olefins and Polymers	Texas	Polypropylene
OxyChem	Texas	Chlorine, Caustic soda, EDC, vinyl chloride monomer and polyvinyl chloride.
LyondellBasell	Texas	Polyethylene
Olin	Freeport, Texas,	US chlorine, caustic soda, ethylene dichloride, epoxy, hydrochloric acid and other products
LyondellBasell	Texas	Styrene Monomer
Vestolit	Colombia and Mexico	PVC
Total	La Porte, Texas	Polypropylene
Dow	Deer Park, St. Charles, Texas City, Freeport, Bayport and Louisville	2-Ethylhexyl Acrylate (2EHA), Butyl Acrylate (BA), Glacial Acrylic Acid (GAA), Methyl Acrylate (MA), Ethyl Acrylate (EA), Methyl Methacrylate (MMA), Glacial Methacrylic Acid (GMAA), Butyl Methacrylate (BMA), Glycidyl Methacrylate (GMA), Hydroxy Propyl Acrylate (HPA), Vinyl Acetate Monomer (VAM)
Lyondellbasell	Texas	Isopropyl Alcohol
BASF	Texas and the Texas Gulf Coast	2-Ethylhexanol (2EH), n-Butanol (NBOL), Isobutanol (IBOL), Isobutyraldehyde (IBAL), EP-202, EP-204, All Grades of Glacial Acrylic Acid (GAA), Butyl Acrylate (BA), Isobutyl Acrylate (IBA), 2-Ethylhexyl Acrylate (2EHA), Methyl Acrylate (MA), Ethyl Acrylate (EA)
Celanese	Texas Gulf Coast	Acetic Acid, Vinyl Acetate Monomer (VAM), Ethyl Acetate, Acetic Anhydride, Methyl Acetate, Vinyl and Acrylic Emulsions, Ethylene Vinyl Acetate (EVA), Dimethylamine (DMA) and Trimethylamine (TMA), Methyl Isobutyl Carbinol (MIBC), and Methyl Isobutyl Ketone (MIBK), Paraformaldehyde
Formosa Plastics	Texas	PVC
Dow	Texas city	2-Ethyl Hexanol, 2-Methyl Butanol, Butanol, Isobutanol, Isobutanol Mixtures, Primary Amyl Alcohol, Propanol, Propanol Mixtures, : 2-Ethyl Hexanoic Acid, Isopentanoic Acid, Propionic Acid, Valeric Acid, Butyl Acetate, Propyl Acetate, UCAR™ Ester EEP, UCAR N-Pentyl Propionate
Formosa Plastics	Texas	US polyethylene
BASF	Pasadena, Texas	Diocetyl terephthalate (DOTP)

Source: Platts, ICIS, Green Chemicals, B&K Research

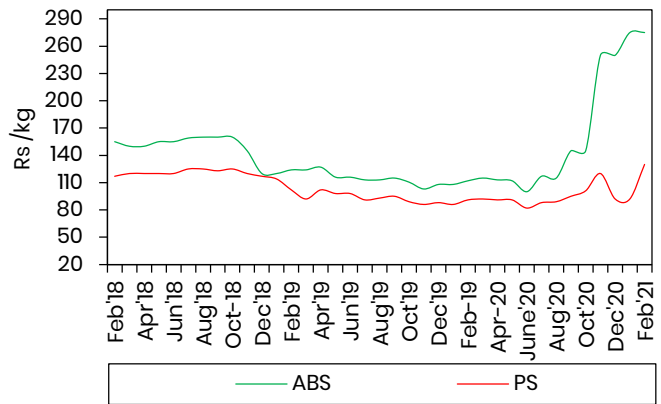
Trend of few key chemicals

Price trend – H-Acid and Vinyl Sulphone

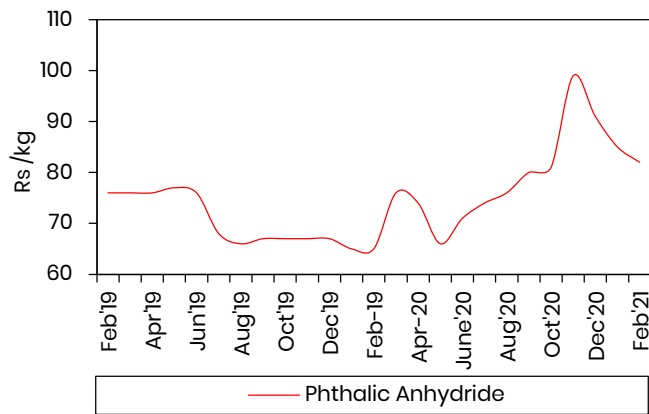


Source: B&K Research

Price trend – ABS and Polystyrene

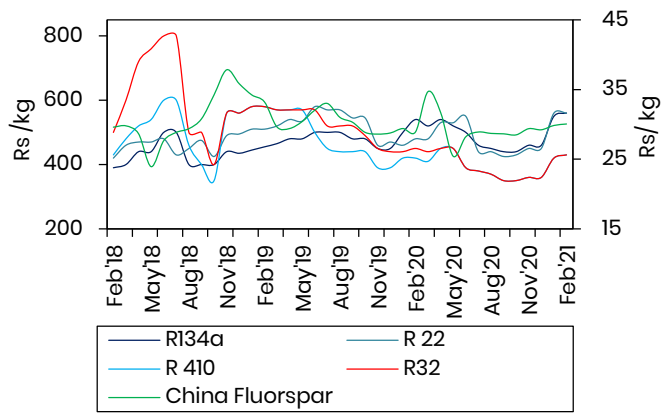


Price trend – Phthalic Anhydride

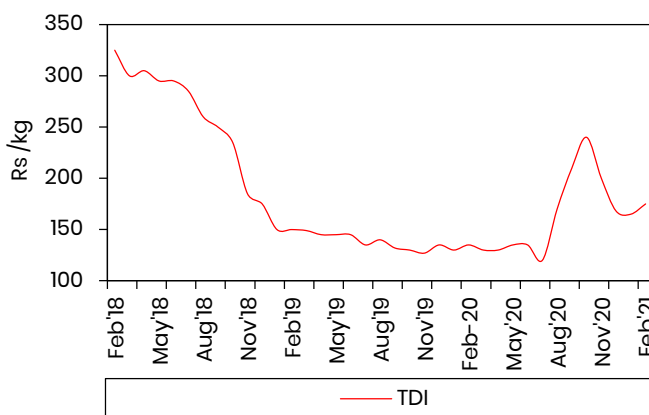


Source: B&K Research

Price trend – Refrigerants

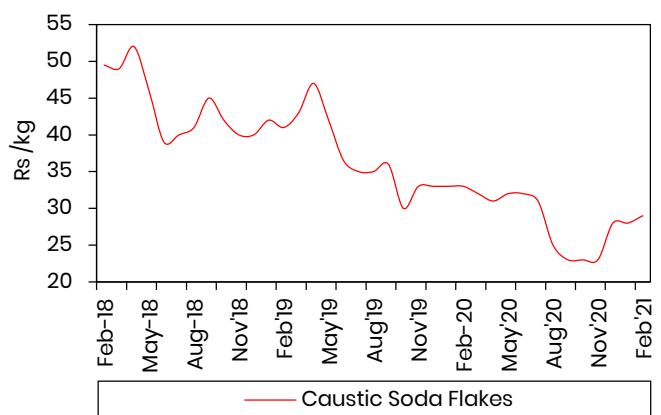


Price trend – TDI



Source: B&K Research

Price trend – Caustic Soda Flakes



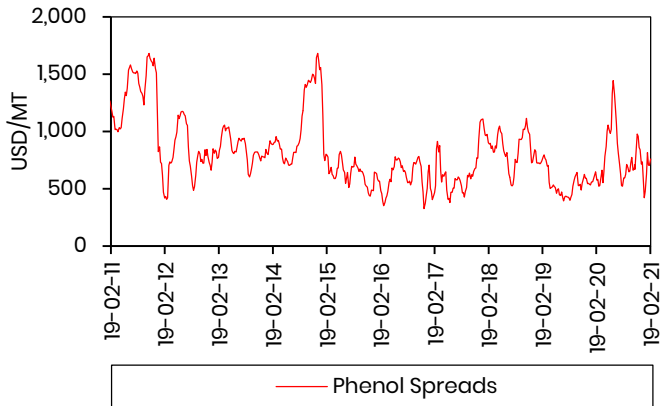
Phenol spreads at US\$ 761/MT...

Average spreads for 4Q'21 are up 10.9% YoY while down 17.6% QoQ to US\$ 636/MT. Average spreads for FYTD21 are up 53.0% YoY to US\$ 796/MT.

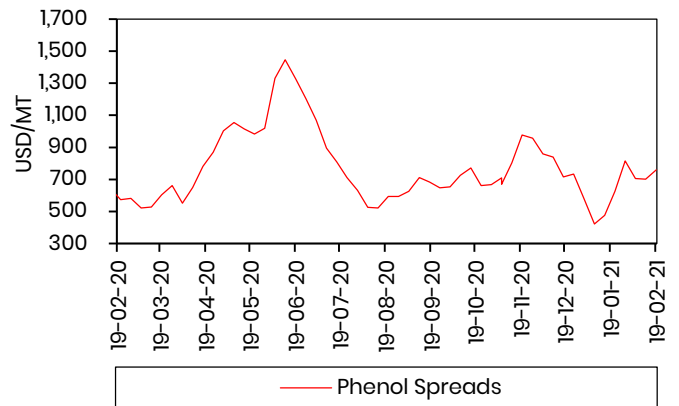
We understand that the spreads for Deepak Nitrite are 15-20% higher than mathematical calculations as they enjoy operational efficiencies.

Iso-propyl alcohol (IPA) prices shot up in March 2020 led by rising demand of hand sanitizers globally. Deepak Nitrite commissioned 30,000 mtpa Iso-Propyl Alcohol plant in April 2020 and hence it got benefitted from higher spreads in 1QFY21 (up 55.9% YoY and 1.1x QoQ).

Phenol spreads – Over the years



Phenol spreads – One-year trend



Source: Bloomberg, B&K Research

Channel checks

Chemicals	Std	Last Updated	Feb 20	Jan 21	Feb 21	YoY (%)	MoM (%)	Companies having exposure
ABS	Rs/kg	23-02-2021	110	270	275	150.0	1.9	INEOS Styrolution, Bhansali Engg. Prices continue to remain elevated led by supply constraints and high raw material price.
TDI	Rs/kg	23-02-2021	135	175	205	51.9	17.1	GNFC Supply disruption in the global market has led to firming up of prices; expected to rise further.
MDI	Rs/kg	23-02-2021	94	210	220	134.0	4.8	BASF Supply disruption in the global market has led to firming up of prices; expected to rise further.
H-Acid	Rs/kg	23-02-2021	550	425	425	(22.7)	–	Bodal, Shree Pushkar, Bhageria, Kiri
Vinyl Sulphone	Rs/kg	23-02-2021	310	215	250	(19.4)	16.3	Bodal, Shree Pushkar, Bhageria, Kiri Prices continue to remain elevated on account of raw material shortage coupled with rising raw material prices; demand continues to remain subdued.
Polystyrene	Rs/kg	23-02-2021	86	92	130	51.2	41.3	Supreme Petro, INEOS Styrolution Higher raw material price has led to short supply of polystyrene in the market thereby resulting into price uptick.
DASDA	Rs/kg	23-02-2021	1,100	400	350	(68.2)	(12.5)	Deepak Nitrite Prices corrected led by easing supply and are likely to remain stable at current levels.
Optical Brighteners	Rs/kg	23-02-2021	600	350	320	(46.7)	(8.6)	Deepak Nitrite Prices continue to remain soft led by subdued demand.
R-134A	Rs/kg	23-02-2021	500	550	560	12.0	1.8	SRF Prices rose MoM on account of healthy demand and increase in raw material prices.
R-22	Rs/kg	23-02-2021	460	550	560	21.7	1.8	SRF, Navin Fluorine and Gujarat Fluoro
R-410	Rs/kg	23-02-2021	420	420	430	–	2.4	SRF, Navin Fluorine and Gujarat Fluoro
R-32	Rs/kg	23-02-2021	440	420	430	(2.3)	2.4	SRF and Gujarat Fluoro
Phenol	Rs/kg	23-02-2021	76	65	112	47.4	72.3	Deepak Nitrite
Phthalic Anhydride	Rs/kg	23-02-2021	67	85	100	49.3	17.6	IG Petro Chemicals and Thirumalai Chemicals Supply disruption in the global market has led to firming up of prices.
BoPET	Rs/kg	22-02-2021	–	112	117	–	4.5	SRF Prices have inched up led by rising raw material prices.
BoPP	Rs/kg	22-02-2021	–	140	163	–	16.4	SRF Rising raw material prices and supply constraints led to higher prices.
Acrylonitrile	Rs/kg	19-02-2021	–	126	185	–	46.8	Vinati Organics (RM)
Vinyl Acetate Monomer	Rs/kg	19-02-2021	–	105	185	–	76.2	Pidilite Industries (RM) Prices continues to inch upward due to global supply chain disruption.
Acetone	Rs/kg	09-02-2021	54	61	86	59.3	41.0	Deepak Nitrite Supply disruption in the global market has led to firming up of prices.
Iso-Propyl Alcohol	Rs/kg	09-02-2021	–	80	108	–	35.0	Deepak Nitrite Uptick in Acetone prices resulted into higher IPA prices; demand continues to remain healthy from Pharma industry.
Caustic Soda Flakes	Rs/kg	09-02-2021	33	28	30	(9.1)	7.1	Gujarat Fluoro, GACL, Meghmani Organics, Atul Stable demand from textile and paper industry continues to support prices; Chlorine prices continues to be positive.

Chemicals	Std	Last Updated	Feb 20	Jan 21	Feb 21	YoY (%)	MoM (%)	Companies having exposure
Soda Ash	Rs/kg	09-02-2021	26	25	25	(2.0)	-	Tata Chemicals, GHCL
	Pricing may witness some pressure in the near-term on account of rejection of ADD on imports; demand from glass industry continues to improve.							
Sodium Bicarbonate	Rs/kg	09-02-2021		23	26		13.0	Tata Chem, GHCL
	Demand from Pharma industry continues to remain strong and the prices are expected to be stable.							
CPC Blue	Rs/kg	09-02-2021	270	350	330	22.2	(5.7)	Meghmani Organics, Sudarshan Chemical Industries
Beta Blue	Rs/kg	09-02-2021	340	380	360	5.9	(5.3)	
Alpha Blue	Rs/kg	09-02-2021		480	460		(4.2)	
Pigment Green	Rs/kg	09-02-2021	410	550	530	29.3	(3.6)	Prices continue to remain elevated led by higher raw material costs; demand is soft on account of high product prices.
Carbon Black	Rs/kg	09-02-2021		93	105		12.9	Phillips Carbon Black and Himadri Speciality Chemicals
	Uptick in the price was on account of lower and expensive imports; demand from tyre industry continues to remain strong.							
PTFE	Rs/kg	09-02-2021		550	650		18.2	Gujarat Fluoro
	Expensive imports coupled with improving demand led to MoM increase in the prices.							
Maleic Anhydride	Rs/kg	09-02-2021		119	112		(5.9)	IG Petro Chemicals and Thirumalai Chemicals
	Prices continues to correct from their highs due to easing supply from imports. Demand continues to remain healthy.							
Benzoic Acid	Rs/kg	09-02-2021		72	72		-	IG Petro Chemicals and Thirumalai Chemicals
Palm Oil	Rs/kg	09-02-2021		106	114		7.5	
SLS	Rs/kg	09-02-2021		142	145		2.1	Galaxy, Aarti Surfactants and Ultramarine Pigments
SLES	Rs/kg	09-02-2021		48	49		2.1	Galaxy, Aarti Surfactants and Ultramarine Pigments
	Demand for SLES continues to remain healthy.							
LABSA	Rs/kg	09-02-2021		94	96		2.1	Galaxy, Aarti Surfactants and Ultramarine Pigments
	Demand remained stable MoM.							

Reference report

<http://zzz.bksec.com/Reportsupload/2021/1/Chemicals - Monthly Update - 27 Jan 21.pdf>

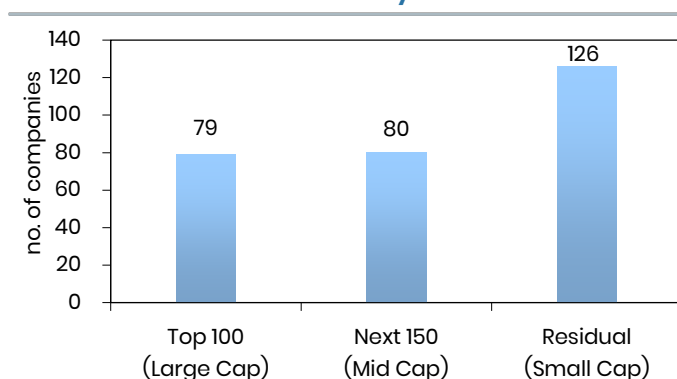
<http://zzz.bksec.com/Reportsupload/2021/2/Chemicals - Channel checks - Flash Note - 11 Feb 21.pdf>

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