

**Allen Zhang (CCAON- China)**

+8622 2742 8231 -Tianjin

[Allenzhang@ccaon.com](mailto:Allenzhang@ccaon.com)

**Jean Zhang (CCAON- China)**

+8610 6433 5599-639 -Beijing

[Jeanzhang@ccaon.com](mailto:Jeanzhang@ccaon.com)

**ISSUE NUMBER: 001**

**23 June, 2008**

- **Highlight**

- ✚ *Demands of export market were active particularly*

- ✚ *Import PVC nominations for July went up again*

- ✚ *Domestic prices kept at a high level with fade deals*

- **Export Market**

**Acetylene-based PVC:** Downstream demands were vigorous, both overseas producers and traders all paid active attitudes last week. Chinese acetylene-based PVC sellers in Tianjin port had offered a new bid of USD 1180/tonne FOB for July, but downstream buyers indicated that price of USD 1160/tonne FOB was acceptable. Thus no deal was made successfully in Tianjin port last week. Sellers in Qingdao port generally planned to announce the new export bids after 20<sup>th</sup>, June due to hiked domestic prices. Additionally, several upstream sellers intended to build PVC stock for sales during the period of Olympic, so recent upstream cargoes were not very abundant. Besides, new bids in Shanghai port had not come out till the end of last week.

**Ethylene-based PVC:** Export deals went on well last week. Export deals for June had been finished with good export volumes, and nominations for July all came out last week. In Tianjin port, cargoes for July mainly flew into India and Australia with export volume of more than 1000 tons. In Qingdao port, deals were mainly made with Iran and Middle East. And an important producer cut its June ethylene-based PVC production output by 7000 tonne with the influence of Beijing Olympic. In Shanghai port, demands from Middle East also had a rise recently, and sellers paid positive attitudes on market in the future. Additionally, demands from Central South America were a little fade due to high prices offered by Chinese sellers.

**EXPORT NOMINATION OF POLYVINYL CHLORIDE**

Date	Harbor	Category	Nomination (USD/tonne FOB)	Conclusion (USD/tonne FOB)	One weeks ago Conclusion Price (USD/tonne FOB)	ETD
20 June	Tianjin	Ethylene	1200	1180	1185	June

20 June		Acetylene	1180	-	-	June
20 June	Shanghai	Ethylene	1200	-	1160	June
20 June		Acetylene	-	-	-	June
20 June	Qingdao	Ethylene	1200-1220	1200-1220	-	June
20 June		Acetylene	-	-	1160	June
20 June	A lashankou*	Acetylene	1200 DAF	1200 DAF	1180 DAF	June

ETD: Estimate Time of Departure

### ● Import Market

Import nominations for July from Japan and Taiwan had all come out last week. Formosa Plastic announced the import nomination of USD 1250/tonne CIF CMP after Japanese Taiyo nominated the same import price. Till the end of last week, Formosa Plastic had completed all export deals with the conclusion price of USD 1250/tonne CIF CMP. Export volume to China was around 20,000 tons, and the whole export volume of Formosa Plastic was more than 50,000 tons. Although the nomination for July had USD 50/tonne rise, the actual deals were further better than seller's exception, a main principal of Formosa Plastic said.

#### IMPORT NOMINATION OF POLYVINYL CHLORIDE

Date	Source	Harbor	Nomination (USD/tonne)	Conclusion (USD/tonne)	Four weeks ago		Seller	ETD
					Conclusion Price (USD/tonne)	Change		
20 June	Taiwan	CMP	1250 CIF	1250 CIF	1180-1190 CIF	+50	Formosa Plastic	June
20 June	Japan	CMP	1250 CFR	-	1180-1200 CFR	+30	Taiyo	June

CMP: China Main Port

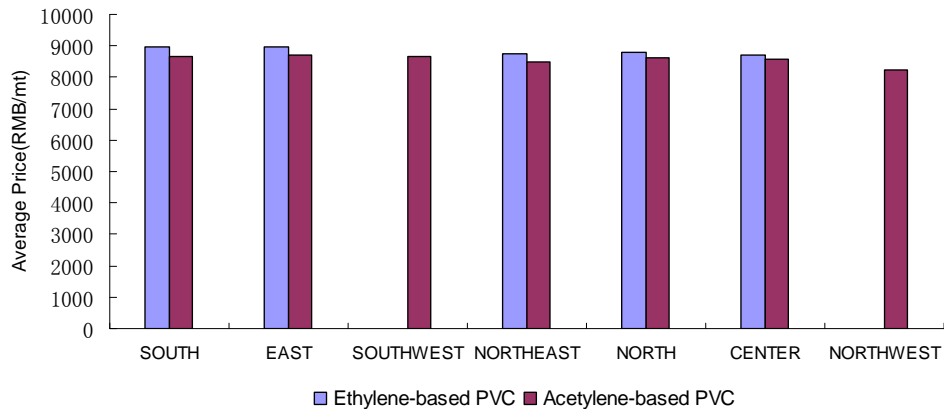
### ● Domestic Market

Prices kept at a high level with insipid downstream demands last week. With influences of multiple factors, such as high-price raw materials and electricity price, difficult transportation and low operating rates, domestic PVC producers maintained a high nomination.

However, downstream producers also faced with problems of high-price raw materials and low operating rates due to bad weather condition, especially in S.China, so deals were fade last week. Therefore, high nominations meant no sense actually. Additionally, several traders kept some high-price cargoes in hand in order to sell at a higher price in the future.

**E.China and S.China market:** Nominations of acetylene-based PVC increased with high-level price staying at RMB 8750/mt, but deals were in a fade condition. And deals in

E.China were better than S.China. In S.China, heavy rain weather exerted bad influence on downstream producers, so operating rates stayed at a low level.



### Domestic PVC PRICES

Date	Chinese Region	Ethylene based Price Range		Acetylene based Price Range			
		RMB/mt	RMB/mt	RMB/mt	RMB/mt		
20 June	SOUTH	-	8800-9100	-	+100	8600-8750	+100
20 June	EAST	-	8800-9100	-100	+150	8650-8750	+100
20 June	SOUTHWEST	-	-	-	+100	8600-8750	+100
20 June	NORTHEAST	-	8600-8900	-	+100	8450-8550	+50
20 June	NORTH	-	8650-8900	-	+100	8500-8700	+50
20 June	CENTER	-	8600-8800	-	+100	8500-8650	+150
20 June	NORTHWEST	-	-	-	+50	8100-8400	+100

CHINESE PVC NOMINATION NEWS (RMB)			
Date	PVC Producers	ex-work/FD	Nomination prices
20 June	HAOHUA YUHANG	ex-work	8600
20 June	LG DAGU	ex-work	8900
20 June	NANNING CHEMICAL	ex-work	8500-8600
20 June	HAERBIN HUAER	ex-work	8600
20 June	SIPING HAOHUA	ex-work	8700
20 June	JIANGDONG CHEMICAL	ex-work	8700
20 June	HEBEI SHENGHUA	ex-work	8500-8600
19 June	HUBEI YIHUA	ex-work	8550-8600
19 June	QINGDAO HYGAIN	ex-work	8700-8750
19 June	BENXI CHLOR-ALKALI	ex-work	8700
19 June	INNER MONGOLIA LINHAI	ex-work	8400
18 June	LESHAN YONGXIANG	ex-work	8750-8800

- Production and maintenance**

Producers	Units	Maintenance/Expansion	Start time	End/Continued time
Nanping Rongchang	PVC	Maintenance	early June	Maintenance is going on
Jiangsu Meilan	PVC	Maintenance	-	-
Shaanxi Jintai	PVC	Maintenance	9 June	20 June
Guizhou Anlong Jinhong	PVC	Maintenance	-	18 June

● **Logistic**

Domestic transportation between N.China and S.China was still in a difficult condition due to tight train wagon and high-price diesel oil.

Ocean freight in Qingdao port turned better last week, but was still influenced by heavy fog weather to some extent.

● **Raw Materials**

➤ **Crude Oil**

	Date	Price	Price one week ago	Change
OPEC	20 June	130.52	128.65	↗1.87
ICE Brent	20 June	132.00	136.09	↘4.09
Dubai	20 June	128.20	127.53	↗0.67
WTI	20 June	131.93	136.74	↘4.81

➤ **Carbide**

Domestic carbide market was insipid on the whole last week. Under huge pressure of high-price cost, experts generally paid negative attitudes on the future market. And prices maintained at a high level.

➤ **EDC**

Import nominations of EDC last week firmed between USD 500-510/tonne CFR, with some lower price staying at USD 500/tonne CFR. Deals were general due to vigorous deals the early days. Domestic EDC prices basically kept stable after a slight drop. Prices in S.China fixed around RMB 4000-4100/mt ex-work. It's indicated that the drop of price mainly attributed to abundant supply, and this situation might last a month.

➤ **VCM**

Japanese sellers offered the import nomination of USD 1020/tonne CFR for June, with the conclusion prices staying between USD 960-980/tonne CFR. Asian prices kept stable last week. Prices in the future market might have a rise with influence of increased PVC nominations, some experts predicted.

Domestic prices of VCM maintained between RMB 7200-7300/mt ex-tank. Deals leveled

off under stable demands. It's predicted to firm recently.

- **Forecast**

Prices in the future might go up further with influences of high-price carbide and power.

**NOTE: Information contained in this reports is obtained from sources believed to be reliable, however no a responsibility nor a liability will be accepted by CCAON commercial decision claimed to have been based on the content of the report.**

**Reproduction of any part of this work by any process whatever without written permission of CCAON is strictly forbidden.**