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Argus *Global Polypropylene*

Polypropylene prices and global coverage

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HIGHLIGHTS

US
Monomer prices continue to decline

Latin America
Low-priced Chinese imports continue to arrive

Europe
Market weakening on low demand, improving supplies

Russia and CIS
Prices fall for copolymer grades on higher supply

Turkey
Market calm amid Eid holidays

Middle East
Quiet markets with Eid al-Fitr

China
Prices rise as supplies fall, balancing demand

Southeast Asia and Vietnam
Prices keep stable on limited trades

India
Prices roll over with limited trades

Pakistan
Limited activity with Eid al-Fitr

Dalian Futures Market
Tighter supplies support gains in PP futures

Fundamentals to watch
ExxonMobil to shut France Port Jerome petchem plant
Sabic to begin Geleen cracker closure this week
US finalizes emission limits for chemical plants
China's March auto output, sales rise from holiday lull
Indian EV sales hit record highs in FY2023-24
IMF to upgrade global economic growth forecast

Global polymer freight rates

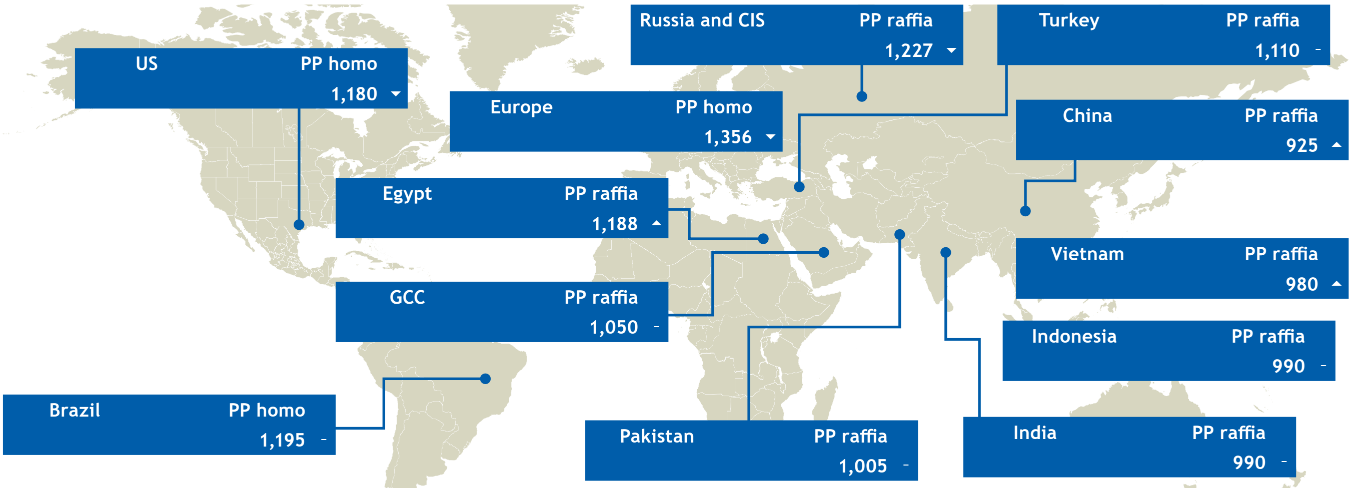
Contract prices $/t

	Timing	Contract marker	Argus Δ (month-on-month change)
US			
Copolymer	Mar	1,631	+66.1 ▲
Homopolymer	Mar	1,587	+66.1 ▲
Western Europe			
Copolymer	Mar	1,585	+58.5 ▼
Homopolymer	Mar	1,532	+58.5 ▼

Spot prices $/t

	Basis	Price	1 week change	4 week change
US				
Homopolymer	fas/Houston bagged	1,146-1,213	-67 ▼	-176 ▼
Homopolymer	dap/Laredo railcar	1,213-1,235	-99 ▼	-132 ▼
Brazil				
Homopolymer	cfr	1,180-1,210	0 -	-30 ▼
Copolymer	cfr	1,190-1,250	0 -	-25 ▼
West Coast South America				
Homopolymer	cfr	1,120-1,150	-60 ▼	-40 ▼
Copolymer	cfr	1,180-1,240	-10 ▼	+25 ▲
Northwest Europe				
Homopolymer	del	1,276-1,436	-25 ▼	-46 ▼
Raffia	del	1,250-1,409	-24 ▼	-45 ▼
Russia and CIS				
Raffia	cpt	1,200-1,254	-19.0 ▼	-28.0 ▼
PP homopolymer	cpt	1,236-1,325	-19.0 ▼	-21.5 ▼
Block copolymer	cpt	1,245-1,307	-62.5 ▼	+3.0 ▲
Turkey				
Raffia Mideast Gulf origin	cfr	1,100-1,120	0 -	-50 ▼
Non-woven fibre Mideast Gulf origin	cfr	1,150-1,170	0 -	-55 ▼
Fibre Mideast Gulf origin	cfr	1,150-1,170	0 -	-55 ▼
Block copolymer Mideast Gulf origin	cfr	1,210-1,240	0 -	-50 ▼
Block copolymer South Korea origin	cfr	1,250-1,270	0 -	-65 ▼
Egypt				
Raffia Mideast Gulf origin	cif	1,175-1,200	+1 ▲	-47 ▼
Fibre Mideast Gulf origin	cif	1,200-1,300	0 -	-15 ▼
GCC				
Raffia	del	1,020-1,080	0 -	0 -
Block copolymer	del	1,120-1,180	na	na
BOPP film	del	1,070-1,090	0 -	0 -
Jordan/Lebanon				
Raffia	del	1,120-1,140	0 -	-60 ▼
Saudi Arabia (CMP)				
Copolymer	fob	917-937	+5 ▲	+5 ▲
Raffia	fob	907-917	+5 ▲	+10 ▲
China				
Copolymer	cfr	930-950	+5 ▲	+5 ▲
Copolymer domestic	import parity	861-890	+8 ▲	+11 ▲
Copolymer	fob	975-1,025	+5 ▲	+10 ▲
Raffia	cfr	920-930	+5 ▲	+10 ▲
Raffia domestic	import parity	850-878	+8 ▲	+15 ▲
Raffia	fob	940-970	+12 ▲	+5 ▲

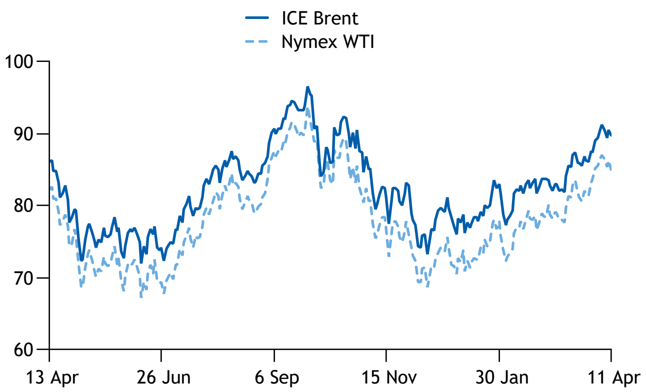
GLOBAL SNAPSHOT



Key prices								$/t
	Timing	US fas Houston	Western Europe spot ddp	Russia and CIS spot cpt	Turkey spot cfr (Mideast origin)	China spot cfr	Southeast Asia dutiable spot cfr	India spot cfr
PP copolymer				1,245-1,307	1,210-1,240	930-950	1,020-1,040	
PP homopolymer	Apr	1,146-1,213	1,276-1,436					
PP raffia			1,250-1,409	1,200-1,254	1,100-1,120	920-930	980-1,000	980-1,000

FEEDSTOCKS

Crude futures $/t



Crude oil

Crude oil futures continued to hover around six-month highs this week with the Middle East political situation in focus.

As of 16:15 GMT on 12 April, the front-month Ice Brent contract was trading at $91.75/bl, while the front-month Nymex WTI contract stood at $87.17/bl.

Naphtha

In Europe, naphtha prices rose in the final trading session of the week as buying interest emerged. Gasoline blending demand saw an increase on the week as market participants

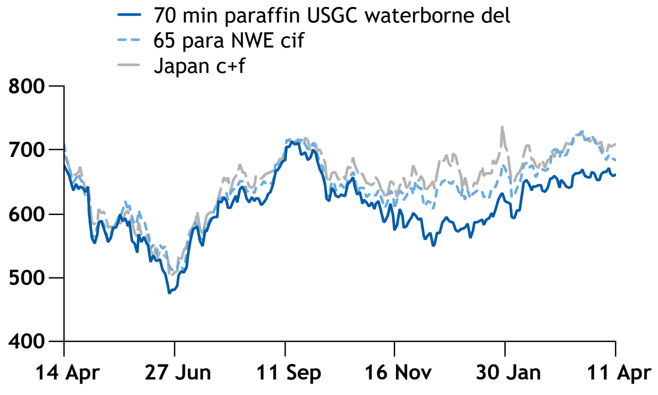
Spot prices							$/t
	Basis	Price	1 week change		4 week change		
Southeast Asia dutiable							
Copolymer	cfr	1,020-1,040	0	-	-10	▼	
Raffia	cfr	980-1,000	0	-	+10	▲	
Southeast Asia duty free							
Copolymer	cfr	1,080-1,100	0	-	-5	▼	
Raffia	cfr	1,040-1,070	0	-	-5	▼	
Vietnam							
Raffia	cfr	970-990	+10	▲	+10	▲	
Indonesia							
Copolymer Mideast Gulf origin	cfr	1,020-1,040	0	-	-5	▼	
Raffia Mideast Gulf origin	cfr	980-1,000	0	-	+10	▲	
India							
Raffia	cfr	980-1,000	0	-	+5	▲	
Copolymer	cfr	1,030-1,060	0	-	+10	▲	
Pakistan							
Raffia	cfr	990-1,020	0	-	-5	▼	
Copolymer	cfr	1,060-1,080	0	-	-15	▼	
Bangladesh							
Raffia	cfr	1,010-1,030	0	-	-5	▼	
Copolymer	cfr	1,080-1,100	0	q	-10	u	
Sri Lanka							
Raffia	cfr	1,020-1,060	0	-	-15	▼	
Nepal							
Raffia	cpt	1,020-1,070	0	-	0	-	

Crude				$/bl
	Effective date	Price	1 week change	
Ice Brent	12 Apr	90.45	-0.72	▼
Nymex WTI	11 Apr	85.02	-1.89	▼

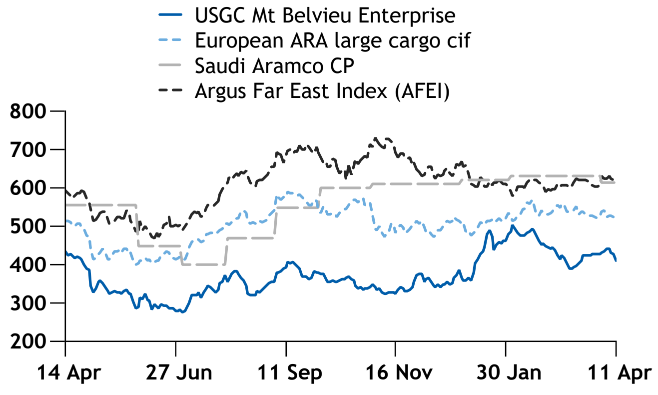
Naphtha				$/t
	Effective date	Price	1 week change	
70 min paraffin USGC waterborne del	11 Apr	660.43	-11.45	▼
65 para NWE cif	12 Apr	693.75	+1.25	▲
Japan c+f	12 Apr	703.13	-6.12	▼

Propane				$/t
	Effective date	Price	1 week change	
Mt Belvieu Enterprise	11 Apr	410.61	-29.64	▼
ARA large cargo	12 Apr	513.00	-13.50	▼
Saudi Aramco CP	12 Apr	615.00	0.00	-
Argus Far East Index (AFEI)	12 Apr	607.25	-23.00	▼

Naphtha spot prices $/t



Propane key prices $/t



pointed towards higher regional demand. Naphtha has so far averaged €14/t lower in April – compared to the March average of €653/t – and will average €6/t lower by the end of the month if prompt prices hold steady.

In Asia-Pacific, naphtha crack spreads continued narrowing this week as outright prices edged lower. Buying interest was mostly focused on cargoes arriving in the second half of May. Basis c+f Japan, naphtha closed at $703.13/t on 12 April, down from $709.25/t on 5 April.

Propane

US propane prices fell this week, tracking declines in delivered prices to Asia, with prompt-month LST propane valued at a weaker 39.9pc of Nymex WTI on 11 April.

In Europe, demand for propane remains lukewarm, but selling is also tepid resulting in skittish pricing. But with the transatlantic arbitrage shut for over a month now, less US product is making its way to Europe. And more imports might be needed as local supplies could thin out significantly with seasonal refinery maintenance. In Asia-Pacific, propane prices fell this week as market sentiment grew bearish amid significant supply length. The *Argus* Far East Index (AFEI) closed at $607.25/t on 12 April, changed from $630.25/t on 5 April.

PDH margins

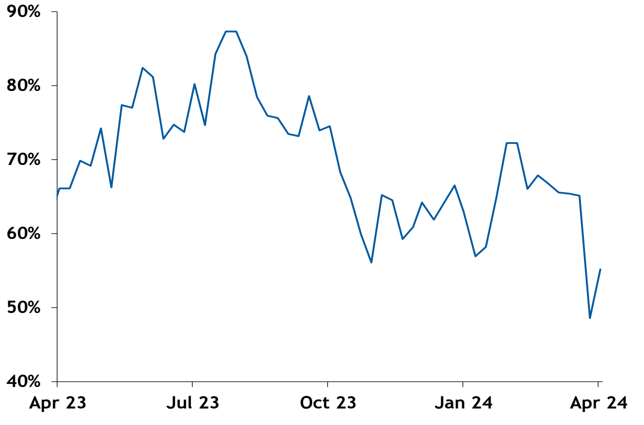
China PDH margins improved slightly to negative $31/t. Asia propane prices fell to a weekly average of $619/t. Propylene prices rose slightly to $845/t cfr northeast Asia.

China PDHs

Average operating rates rebounded to 55pc this week, up by six percentage points from last week.

Last week's PDH operating rates were revised slightly lower from 50pc to 49pc because of an unplanned shutdown of Fujian Soft Packaging's No.1 660,000t/yr PDH unit on 1 April. The PDH unit will remain shut until end April, and its new No.2 900,000t/yr PDH plant is now operating at 80pc. The No.2 unit achieved on-specification on end March and has been in midst of ramping up. Market participants are also expecting more PDH units to restart in April and hence more supplies moving forward. Formosa's Ningbo 600,000t/yr PDH unit was restarted on 6 April, but the unit was un-

China PDH operating rates %



New PDH start-ups

Status	Plant	Location	Grade	Capacity '000t/yr	Start-up	Remarks	Source
	Formosa Ningbo	China	Propylene	600	Jan 2024	Plant is operating at 50pc	Industry
	Ningbo Kingfa No.2	China	Propylene	600	End Feb 2024	Plant is operating at 60pc	Industry

Market highlight

- Crude oil futures continued to hover around six-month highs this week with the Middle East political situation in focus

stable and was shut again on 8 April. The company attempts to restart the plant again in these few days. Sinochem Ruiheng aims to restart its 600,000t/yr PDH unit on 11 April. Yanchang Zhongran was also heard to be restarting its PDH in April.

Propylene

US spot polymer-grade propylene (PGP) prices traded lower, between 42-43¢/lb during the week, with indications that prices may have found a near-term bottom. The price decline means that the US no longer has the highest price in the world in April. Enterprise Products Partners' 750,000 t/yr PDH-1 unit is still in turnaround, which is expected to continue through the month.

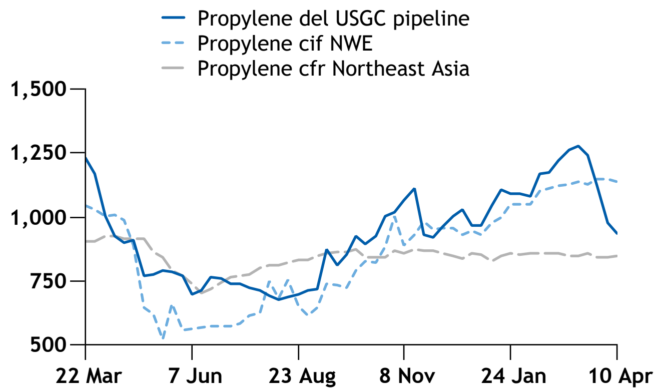
The European propylene market balance has eased in the past two weeks as a result of derivatives shutdowns, both scheduled and unscheduled. Derivatives plants in the Netherlands, Germany and Belgium are off line and the market balance has relaxed. Supply is still restricted by a refinery and cracker shutdown in France and some other issues, but the disruption is limited. The spot market has been very quiet but indications of discounts to the contract price for PGP have widened from just 1-2pc to 5-7pc. This slightly longer balance is not anticipated to last, as most of these units are expected to restart by early May and at that point will want to run at high rates to rebuild stock. The European April monthly contact price (MCP) for propylene settled on 27 March at €1,145/t, up by €45/t from the March MCP.

In Asia-Pacific, propylene prices inched up as Chinese PDH operating rates dipped to historical lows. Buying indications for May rose marginally to $830-850/t cfr China during the week against offers at $850-870/t cfr China. Some buying indications were also quoted at $850-860/t cfr Taiwan for end April because of reduced supplies due to a delayed cracker restart.

Propylene

	Basis	Effective date	Price	±
PGP USGC contract ¢/lb	Mar	27 Mar	58.00	+3.00
PGP USGC contract $/t	Mar	27 Mar	1,278.68	+66.1
PGP NWE contract €/t	Apr	3 Apr	1,145.00	+45.00
PGP NWE contract $/t	Apr	3 Apr	1,239.98	+48.73
cfr NE Asia $/t	spot (1 week change)	10 Apr	845.00	+5.00

Propylene spot prices $/t



PRICING ANALYSIS

US

After March contracts in the US polypropylene (PP) market settled higher by 3¢/lb, market participants are expecting a large drop in April contracts, based on steep declines in monomer prices. The question that remains is whether producers will be able to push through any margin expansion, with multiple producers announcing various increases of between 3-5¢/lb. Some market participants have suggested they see potential for a margin increase to be implemented this month, as it is often easier to push through higher margins when overall prices are still falling. However, others have said another strong production month in March combined with a hefty inventory build could limit support for higher margins.

Spot PGP prices have rebounded slightly this week, after trading as low as 42¢/lb on 4 April, its lowest level since November 2023. Since then, prices have rebounded by a penny, with volumes trading at 43¢/lb on 11 April. With prices down by more than 25pc since PGP hit a peak of 60¢/lb last month, US prices are no longer the highest in the world, which could improve prospects for an improvement in PP exports.

For now, PP market participants are expecting April PGP prices to fall by as much as 8-10¢/lb based on current spot PGP price levels and the volume-weighted average. However, that will depend on what happens with spot prices as the month continues.

Operating rates in the US and Canada PP market are improving. Force majeures at Invista's Longview, Texas, plant, an on some copolymer grades from Braskem America are still believed to be ongoing. The Braskem plant is believed to be back online, but the force majeure remains in place while the company rebuilds inventories. Production is still believed to be reduced at the Canadian plant due to ongoing maintenance at the Canadian PDH unit. Additional PP turnarounds are expected in the coming months.

Spot availability is improving, though impact copolymer grades continue to be snug. Pricing is starting to move lower, tracking declines in polymer grade propylene (PGP) prices. The lower prices are attracting some buyers to return to the market after sitting out while prices were increasing. However, buyers remain cautious believing there is still more downside to come.

Preliminary PP production in March rose to 1.564bn lb, up by 4.3pc from February, with plants running on average at around 84.6pc of total capacity, according to the American Chemistry Council's Plastics Industry Producers' Statistics Group as compiled by Vault Consulting.

Total PP sales fell to 1.398bn lb, down by 3.2pc from February, with exports down by 37pc and domestic sales down by 1.4pc over the period. Exports represented only 3.32pc of total sales in March, down from 5.1pc in February, as high prices kept US material from being competitive in other markets. With production surpassing sales, producers added 165.38mn lb to inventories in March, taking them to 44 days of inventory.

Demand heading into April is improving on seasonal factors, as well as expectations of lower prices as PGP prices decline. There is continuing optimism about improvement in the economy in the second quarter and second half of the year, however, inflation remains persistently high, leading to concerns that the US Federal Reserve may not cut interest rates as quickly as was initially expected. The US Consumer Price Index rose 3.8pc in March on an annual basis, not including food and fuel prices, which was a stronger reading than economists had expected. One buyer, active in both US and Canada markets, said demand in the US is slightly stronger than in Canada so far this year.

Exports remain limited, even as export prices are declining more sharply than US spot prices. For now, US prices are still a little too high to compete with cheaper material coming from Asia. However, if prices continue to slide, Latin

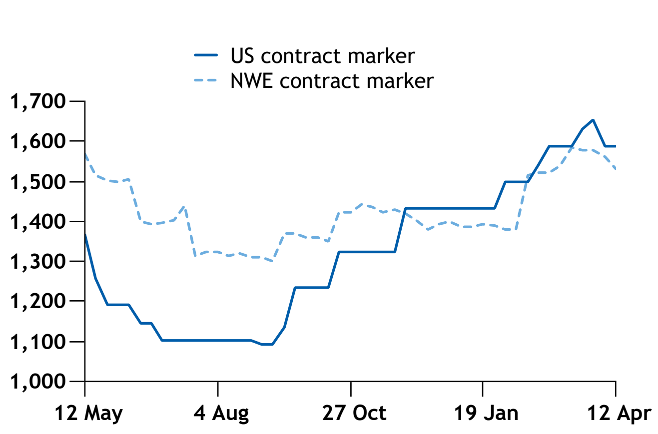
US contracts ¢/lb

	Timing	Argus Δ (month-on-month change)	Contract marker	Low / High ±
Copolymer contract marker	Mar	+3.0	74	+3.0/+3.0
Homopolymer contract marker	Mar	+3.0	72	+3.0/+3.0

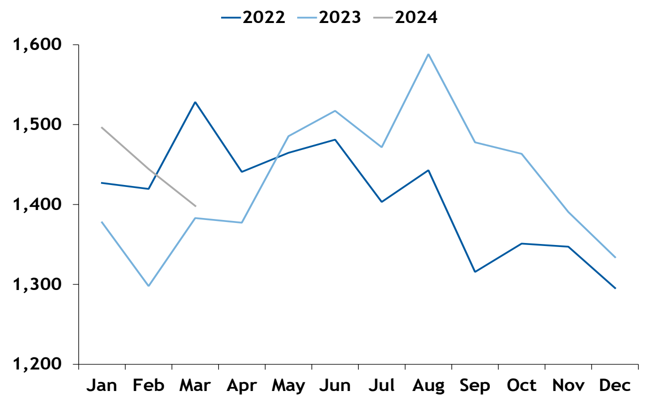
US exports ¢/lb

	Basis	Price	1 week change	4 week change
Homopolymer	fas/Houston bagged	52-55	-3 ▼	-8 ▼
Homopolymer	dap/Laredo railcar	55-56	-5 ▼	-6 ▼

US vs west Europe PP homopolymer prices $/t



North America polypropylene sales mn lb



— *ACC/Vault*

American buyers might again turn to US material, willing to pay slightly higher prices for the convenience of quicker transit times.

Mexico

Demand in Mexico has slowed this week after a burst of activity last week, as buyers purchased what they need to cover immediate needs and are now waiting for prices to fall further. Market participants are saying that this is not the moment to buy, with new acquisition decisions being pushed off until June, when prices are expected to adjust. Import prices have started to decline, peeling off a few cents as US propylene prices continue to slide.

Logistics delays are continuing to cause material to back up at storage yards outside of Mexico City. With prices falling, that has led to a situation where material on hand is more expensive than its replacement costs, leading to a mismatch between the price and buyers' expectations.

Underlying demand should continue to improve in the second quarter, which is traditionally one of the seasonal strong periods.

Operationally, no issues were heard at the Mexican PP producer.

Latin America

South American demand for imported polypropylene (PP) was heard stable to higher this week with Chinese material dominating regional markets across the board.

Lately, China-origin PP has been taking advantage of its lower prices when compared to Middle Eastern or US produced material. Middle Eastern PP was limited this week due to the Eid holiday in the region. When available, prices were heard between $1,250-1,270/t cfr Brazil and $1,260-1,290/t cfr west coast South America (WCSA).

Chinese homopolymers, as a comparison, were heard at the $1,060-1,080/t cfr Brazil and $1,060-1,090/t cfr WCSA. Similar US product was quoted at $1,180-1,210/t and $1,120-1,150/t for Brazil and the WCSA, respectively, all cfr.

On the demand side, Brazil improved this week with macroeconomic factors sustaining resin demand across the country.

Inventory building also helped, with large corporate buyers in the northern port of Manaus hurrying to secure three months of additional resin stock to face a possible drought during the second half of the year, and especially looking for bi-oriented PP, which is available, and for PP films, which are somewhat limited this week. Last year the region suffered from low water levels in the Amazon and Negro rivers which made deliveries only possible by air or road. In the city of Manaus sits Brazil's largest industrial free trade zone.

In the country's southern region, demand also improved week-over-week. However, logistics problems in the port of Navegantes are still impacting deliveries to Santa Catarina state. *Argus* heard a single major shipping company authorized to dock at the port, with all the others bypassing Navegantes. Some cargos are delayed for two months, one source told *Argus*.

In the west coast South America (WCSA), *Argus* heard improved PP demand in the markets of Ecuador and Colombia, which are opting almost exclusively for Chinese material.

In the southern cone, *Argus* heard the Brazilian PP manufacturer very aggressive with prices and conditions in the markets of Argentina, Paraguay, and Uruguay, with discounts of $100/t. One local source said the company is trying to gain some additional market share in those countries to balance its losses caused by PP imports into Brazil, which hit 509,500t last year, increasing 20pc from 2022.

On the macroeconomic front, a positive economic scenario favors Brazilian demand for polyolefins. The retail sales volume reached a record, growing for the second consecutive month, pushed by the fall in interest rates, credit expansion, and the increase in earnings. In February, retail sales volume increased 9.7pc from February 2023, cumulating an 8.2pc growth from January to February year-on-year.

However, local production continues to be pressed by imports. PP imports in March increased 13pc from March 2023 to 52,400t, priced at the average of $1,447/t, 1pc lower month-on-month. Asia-Pacific sellers jumped from 8pc market share to 33pc at the price of $1,256/t fob, Africa-Middle East from 24pc to 31pc at $1,117/t fob, moving South American sellers from the first position at 50pc in 2023 to the third position with 28pc at $1,504/t fob.

Meanwhile, PP exports in March declined 28pc month-on-month to 17,500t, with 79pc driven to South American buyers at $1,263/t. In 1Q24, PP exports from Brazil shrank 22pc year-on-year to 51,200t, with fewer acquisitions from South American, which continued leading with 83pc at an average monthly price 8pc higher at $1,206/t.

In Argentina, according to INDEC's official data, the manufacturing industry's production continues to fall. In February, it reduced 9.9pc from February 2023, cumulating a decline of 11.1pc in the first two months year-on-year. Production of plastics-manufactured products shrank 11.3pc in February month-on-month and 11pc year-on-year. The automotive industry's production fell 18pc in the monthly and yearly comparison.

PP homopolymer domestic prices in April fell $100/t in Argentina to $2,100-$2,250/t, after an increase of $100/t in March. As a comparison, imports were heard at $1,300/t cfr Buenos Aires from South Korea and the Middle East.

From the operational point of view, YPF will extend the FCC maintenance until the end of April. Petrocuyo Ensenada will restart on 15 April.

Peru is South America's second-largest PP importer, only behind Brazil. In March, PP acquisitions continued growing, increasing 14pc from March 2023, paying 2pc less at $1,203/t. In 1Q24, Peru imported 61,700t, 26pc more year-on-year, with Asia-Pacific expanding its market share from 35pc to 43pc at an average monthly price of $1,105/t for PP homopolymer and $1,181/t for PP copolymer.

South American sellers kept the second position but shrank eleven percentage points to 30pc at the average monthly price of $1,217/t, while North Americans climbed seven percentage points to 17pc at the average monthly price of $1,111/t, occupying the third position in the ranking.

Western Europe contracts				€/t
	Timing	Argus Δ (month-on-month change)	Contract marker	Low / High ±
Copolymer contract marker	Mar	+55.0	1,490	+35.0/+75.0
Homopolymer contract marker	Mar	+55.0	1,440	+35.0/+75.0

Northwest Europe spot				€/t
	Basis	Price	1 week change	4 week change
Homopolymer	del	1,200-1,350	0 -	-13 ▼
Raffia	del	1,175-1,325	0 -	-13 ▼

Europe

The European polypropylene (PP) market is showing signs of weakening amid low underlying demand and gradually improving supplies, despite remaining limited for prompt deliveries. Sentiment remains cautious albeit with a divergence of pricing perspectives emerging between buyers and producers.

With the settlement of feedstock propylene's April monthly contract price (MCP) at a €45/t increase, producers are focused on defending margins by passing on the cost increase in full to PP contracts. Producers argue that margins remain weak – despite having widened in the first quarter – and that any decreases would hurt the financial sustainability of their operations. An example of this manifesting was ExxonMobil announcing this week the permanent shut down of its Gravenchon cracker in France and the associated derivative plants at the site – among which is a 270,000 t/yr PP plant in adjacent Lillebonne.

Many producers also depleted inventories in the first quarter, after having faced higher than expected demand – owing to the delay in imports from the Middle East and Asia amid shipping disruption in the Red Sea. As such, some producers have focused their efforts in April to rebuild stocks. Some plant outages have also contributed to keeping prompt supplies tight and producers have generally increased PP plant run rates in recent months. But producers are treading carefully and continue to exercise discipline on operating rates, being mindful of risks of supply overhang emerging from increased run rates.

Buyers argue that PP contract prices have faced sharp and disproportionate increases in the first quarter, which resulted in the emergence of a disconnect to spot prices – and to the global markets. And with low underlying demand for their finished products, many buyers see little to no room for further increases in PP contract prices. This was also as PP spot prices plateaued in March and have been decreasing since, with some buyers reporting as much as a €50/t month-on-month decrease in April. The stock positions vary among buyers, with some having replenished volumes in previous months, leaving them more comfortable to defer part of their offtakes to benefit from lower prices for forward-delivery volumes. These buyers may be taking a firmer stance on PP contract negotiations in April. But others may face a more acute need to restock or are constrained in their abilities to substitute grades owing to stringent specification requirements, which might limit their leverage to influence PP contract negotiations. And demand, although weak, has shown some variance across the spectrum with segments such as packaging holding in better shape. In contrast, demand remains poor from the construction segment, and this week's decision by the European Central Bank to keep interest rates unchanged at a record high level will provide little short-term relief.

Negotiations are getting underway in many cases and it remains to be seen which way the wind blows. But many market participants hold the view that any increases beyond the €45/t increase in feedstock propylene's MCP are unrealistic for PP contract prices in April. Likewise, many also view any decreases to be outliers at this stage, in spite of some buyers' attempts to secure these within April. It is likely that some producers will be firmer in defending contractual margins by recovering the cost increase in full, while others might take a more moderate stance, depending on stock levels of particular PP grades and underlying prices. For all PP grades, the preliminary assessments of the *Argus* deltas for April will be made next week.

PP spot prices remain in wide ranges with buying interest yet to see a revival after the Easter holidays. Many distributors are focused on keeping volumes moving and are pricing their offers at competitive levels to encourage offtakes. These are mainly setting the low end of the spot price ranges, which stand at relatively narrow gaps to import parity prices for forward delivery. Some buyers continue with their attempts to drive spot prices for prompt delivery to around import parity levels, but the transactability of these lower bids remains unclear for now. Meanwhile, the high end of the spot price ranges are mainly being set by producers' asking levels, which have been largely unchanged from March. Some producers remain uninterested in reducing offers as they are focused on replenishing stocks, while others may have opted to show some flexibility on pricing spot volumes. With underlying demand low, it remains to be seen if producers come under more pressure to reduce prices in the coming weeks as their inventories replenish.

Basis ddp northwest Europe, spot prices of PP homopolymer injection and PP raffia grades were assessed unchanged this week at €1,200-1,350/t and €1,175-1,200/t, respectively.

Spot prices of PP block copolymer were heard stable at around €1,250-1,400/t ddp northwest Europe. But some buyers have reportedly procured import-origin volumes of PP block copolymer at €1,200/t ddp, for forward delivery in June.

Russia and CIS

Prices for PP block copolymer grades decreased this week on higher supplies of the product produced by Bashneft's Ufaorgsintez plant. Prices were assessed unchanged for PP homopolymer injection and PP raffia grades.

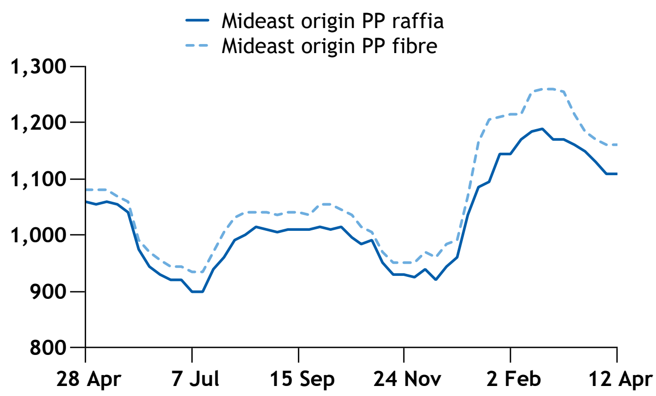
PP block copolymer was assessed at Rbs116,667-122,500/t ($1,245-1,307/t) cpt Moscow, compared with Rbs116,667-130,417/t a week earlier. Prices for PP grade 02015 Balen produced by Ufaorgsintez noticeably decreased amid rising supply, while the price for Sibur Holding's product remained stable.

The price range for PP raffia was unchanged. Meanwhile, prices for PP grade 01030 Balen volumes produced by Ufaorgsintez decreased owing to high supplies.

Prices for PP homopolymer injection grades were stable, except for PP grade 01130 Balen produced by Ufaorgsintez, which decreased amid low demand. Traffic restrictions in Bashkiria will last throughout April during the snow-melting period in Russia. Meanwhile, Ufaorgsintez's plant will be stopped in mid-April for planned maintenance that will last between three to four weeks.

Russia and CIS domestic				*Roubles/t*
	Basis	Price	1 week change	4 week change
Raffia	cpt inc VAT	135,000-141,000	0.0 -	0.0 -
PP homopolymer	cpt inc VAT	139,000-149,000	0.0 -	+750.0 ▲
Block copolymer	cpt inc VAT	140,000-147,000	-4750.0 ▼	+3500.0 ▲

Turkey homopolymer prices *$/t*



Turkey

Polypropylene (PP) import prices in Turkey rolled over this week. Little was happening in the market this week because of the Eid-al-Fitr holidays. Things are expected to pick up again next week, particularly as May offers are anticipated. Even though stocks are sufficient at present, the levels are expected to fall in May with the approach of the summer season and demand will probably increase gradually.

Middle East-origin PP raffia was assessed at $1,100-1,120/t cfr. Middle East-origin PP fibre was assessed at $1,150-1,170/t cfr, while Middle East-origin PP fibre non-woven was assessed at $1,150-1,170/t cfr.

Middle East-origin PP block co-polymer was assessed at $1,210-1,240/t cfr. South Korea-origin PP block co-polymer was assessed at $1,250-1,270/t cfr.

Egypt

Polypropylene (PP) import prices in Egypt rolled over this week. This week, market participants were absent for the Eid-al-Fitr holidays, resulting in a subdued market. Anticipation is high for increased activity in the coming weeks with the announcement of May offers.

Middle East-origin PP raffia was assessed at $1,175-1,200/t cif, while Middle East-origin PP fibre was assessed at $1,200-1,300/t cif.

Middle East

Gulf Co-operation Council (GCC) polypropylene (PP) prices rolled over as market activity was limited because of Eid al-Fitr. PP raffia was stable at $1,020-1,080/t del GCC. PP copolymer was assessed at $1,120-1,180/t del GCC. Biaxially-oriented PP film remained at $1,070-1,090/t del GCC. PP raffia in Jordan and Lebanon was stable at $1,120-1,140/t del Jordan/Lebanon. Market activity was also limited because of Eid.

China

PP prices in China edged higher, with shorter supplies driven by a heavy turnaround season. Prices also found some support from firmer feedstock propylene prices.

Ex-work prices for PP raffia were at 7,550-7,800 yuan/t in east China, Yn50-100/t higher from the previous week. Ex-works prices for PP co-polymer in east China also edged higher to Yn7,650-7,900/t, up by Yn50-100/t from the previous session.

Spot trades picked up slightly on 8 April when downstream converters came out to replenish feedstocks after Qingming holidays. The general buying interests remained limited as downstream demand at biaxially-oriented PP (BOPP) film producers were still flat with an average run rate of 65pc. Run rate in the plastic woven industry climbed to 43pc, three percentage points higher than the previous week, mainly supported by higher agricultural demand. But plastic woven producers were cautious of building feedstock inventories in view of thin production margins currently.

PP and polyethylene inventories at major Chinese producers increased to 845,000t on 11 April after a three-day holiday amid slow consumption rate, up by 60,000t from 3 April. Average operating rates at Chinese PP plants rose to 74pc, up by two percentage points compared with previous week after some plant restarts. Ningbo Fund restarted its 400,000t/ yr PP unit on 4 April after 10-day maintenance. Chambroad Petrochemical also brought back production at its 400,000t/yr on 3 April.

China is entering a heavy turnaround season in the second quarter with a total of 9.7mn t/yr PP capacities scheduled for maintenance during the period. Zhejiang Petrochemical shut its 450,000t/yr No.1 PP unit on 6 April for 2-3 weeks, and the company also plans to repair its 450,000 t/yr No.4 PP unit from 20 April to early May. Shenhua Baotou also planned maintenance at its 300,000t/yr PP unit from 15 April to end May.

The import market was quiet in the absence of fresh offers. Notional buying ideas were stable at $910-920/t cfr China for PP raffia and $920-930/t cfr China for PP block co-polymer, in view of higher domestic prices and tightening supplies from overseas. The weekly assessment for PP raffia was at $920- 930/t cfr China, while PP copolymer prices were assessed at $930-950/t cfr China, both up by $10/t from the low end of the previous assessment.

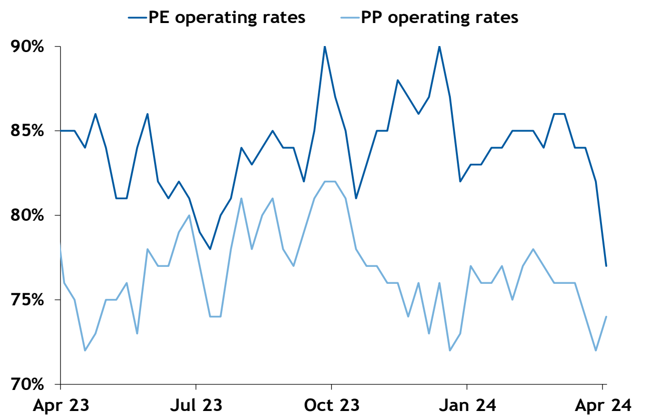
The export window remained open but overall trading volumes shrank because higher freight rates narrowed arbitrage window. Offers of PP raffia were quoted at $940-975/t fob China with deals concluded at $940-970/t fob China. PP block co-polymer was offered at $975-1,035/t fob China with small deals concluded at $1,000-1,025/t fob China. BOPP film grade was traded at $960/t fob China. These traded cargoes were destined for southeast Asia, Africa and Latin America. Export prices of PP raffia were assessed at $940-970/t fob China, $10-15/t higher from the previous session. PP copolymer was assessed at $975-1,025/t fob China, $10/t higher from the high end of previous week.

China domestic				*Yn/t*
	Basis	Price	1 week change	4 week change
Copolymer	ex-works	7,650-7,900	+75 ▲	+150 ▲
Raffia	ex-works	7,550-7,800	+75 ▲	+175 ▲

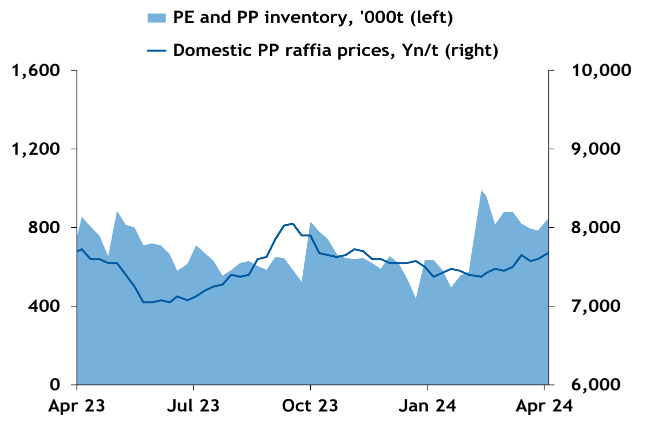
Market highlight

■ PP and polyethylene inventories at major Chinese producers increased to 845,000t on 11 April after a three-day holiday amid slow consumption rate, up by 60,000t from 3 April.

China PE, PP plant operating rates %



Sinopec and PetroChina inventory vs PP prices



Southeast Asia and Vietnam

Southeast Asia PP prices remained stable. Spot discussions were limited, mainly because of regional holidays.

The key Indonesian market is closed from 8-15 April for the Eid al-Fitr holidays. But PP import discussions in Indonesia were already limited since the past few weeks with local distributors holding high PP stocks from an earlier stock-build, prior to the withdrawal of a mandatory import mandate from early March. More PP imports are expected to arrive in Indonesia next week after a long road and port closures for Eid celebrations. Indonesian buyers have anticipated lower PP offers in the domestic market next week as local distributors hold high inventories and downstream demand is expected to dip after the major Eid celebrations. Thai producers and converters will be away from 13-17 April for Thai New Year celebrations, which is likely to continue limiting trades in southeast Asia next week.

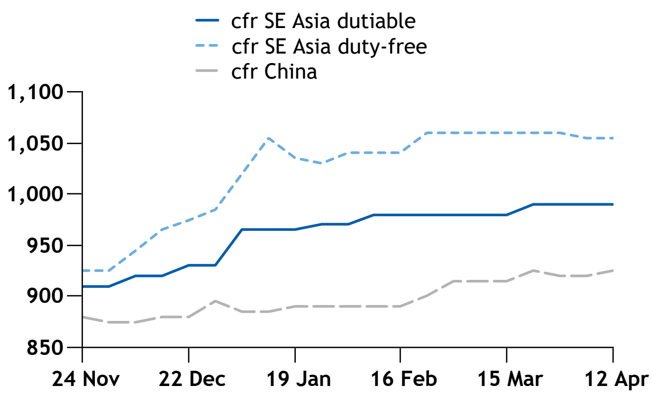
Southeast Asian converters have expected downstream demand to dip in the second quarter post festive seasons and unwilling to replenish stocks at current high prices. But regional producers are likely to keep PP offers high because of a heavy schedule of maintenance shutdowns in the region, a lack of inventory pressure and persistently high feedstock costs, which are squeezing their production margins. Regional PP offers have remained stable to firm in the past few weeks but lower buying ideas have stalled import discussions. PP prices could dip if any producers are willing to lower their offers to manage their rising inventories, said market participants.

Southeast Asian converters continued to prefer Chinese-origin PP raffia supplies, which were available at lower prices in the first half of March. Chinese-origin PP raffia offers had increased slightly since late March as Chinese supplies tighten gradually because of a heavy schedule of shutdowns in April-May as well as higher freight rates for PP exports to southeast Asia.

Vietnam's Long Son Petrochemical's 400,000 t/yr PP unit has remained offline. The producer extended the shutdown of its cracker and downstream polymer units to June to address technical issues, following an earlier force majeure announcement on 22 February. Malaysia's PRefChem shut its two 450,000 t/yr PP units from late March for a three-week maintenance.

Indonesia's Chandra is expected to shut its full petrochemical complex for a 45-day major turnaround in May. Malaysia's Lotte Titan will conduct turnaround maintenance at its 640,000 t/yr PP complex from April-early June, with its three PP units to be taken offline on a rotation basis. HMC Polymer shut its 360,000 t/yr PP plant from November last year for planned maintenance that was supposed to end around December, but the shutdown is likely to be extended until April this year, possibly because of commercial reasons. Thailand's SCG is expected to raise production at its 720,000 t/yr PP unit in April following the restart of its naphtha cracker in late March. The cracker was shut since mid-November last year and can produce up to 400,000 t/yr of propylene. Vietnamese producer Binh Son Refining is expected to shut its 150,000 t/yr PP plant from mid-March for a 45-day maintenance. Vietnam's Hyosung is expected to shut its two 300,000 t/yr PP unit on a rotation basis in April – May, alongside its upstream 600,000 t/yr PDH shutdown, for a planned maintenance.

SE Asia vs China PP raffia prices $/t



Dutiable PP raffia prices were stable at $980-1,000/t cfr southeast Asia amid a lack of spot liquidity. Chinese-origin PP raffia offers were placed at $990-1,000/t cfr southeast Asia, but attracted limited buying interest. Some large Thai converters are interested in sourcing Chinese-origin PP supplies, but held lower buying ideas of $960-970/t cfr southeast Asia. Dutiable PP block copolymer prices were rolled over at $1,020-1,040/t cfr southeast Asia.

Duty-free PP raffia prices were rolled over at $1,040-1,070/t cfr southeast Asia. Thai-origin PP raffia offers were placed at $1,130/t cfr southeast Asia, but attracted limited buying interest. Malaysian-origin PP injection offers were placed at $1,010/t cfr southeast Asia. Duty-free PP block copolymer prices held stable at $1,080-1,100/t cfr southeast Asia. Thai-origin PP block copolymer offers were placed at $1,110/t cfr southeast Asia, with deals done for limited volumes.

PP raffia prices were raised slightly to $970-990/t cfr Vietnam, but overall sentiment remained weak. Local producers raised PP offers in the domestic market to $990-1,000/t on an import parity basis. Local supplies began tightening since mid-March because of planned maintenance shutdowns. Indian and Chinese-origin PP raffia offers

Global polymer freight rates					$/t
Origin	Destination	Argus Low	Argus High	1	Source
Americas					
Houston	Shanghai	14	26	▲	Freightos Derived
Houston	Mersin	26	44	▼	Freightos Derived
Houston	Genoa	24	29	-	Freightos Derived
Houston	Valencia	29	33	▲	Freightos Derived
Houston	Antwerp	22	25	▲	Freightos Derived
Houston	Santos	36	51	▲	Freightos Derived
Houston	Buenos Aires	38	50	▼	Freightos Derived
Houston	Buenaventura	65	66	▲	Freightos Derived
Houston	Callao	64	65	▲	Freightos Derived
Houston	Guayaquil	65	69	▲	Freightos Derived
Houston	Valparaiso	65	89	▲	Freightos Derived
Santos	Rotterdam	20	30	-	Freightos Derived
Middle East and North Africa					
Jubail	China	10	15	▲	Argus
Jubail	Indonesia	26	31	▲	Argus
Jubail	Karachi	34	39	▲	Argus
Jubail	Mumbai	26	31	▲	Argus
Jubail	Turkey	162	167	▲	Argus
Jebel Ali	Shanghai	8	12	▲	Freightos Derived
Jebel Ali	Singapore	10	13	▲	Freightos Derived
Jebel Ali	Melbourne	75	85	-	Freightos Derived
Jebel Ali	Tauranga	80	90	-	Freightos Derived
Jebel Ali	Antwerp	90	110	▲	Freightos Derived
Jebel Ali	Buenaventura	142	162	-	Freightos Derived
Jebel Ali	Callao	139	159	-	Freightos Derived
Port Said	Mersin	20	30	-	Freightos Derived
Port Said	La Spezia	25	35	-	Freightos Derived
Port Said	Antwerp	25	35	-	Freightos Derived
Southeast Asia					
Singapore	Karachi	46	54	-	Freightos Derived
Singapore	Mumbai Nhava Sheva	45	49	-	Freightos Derived
Singapore	Colombo	40	46	-	Freightos Derived
Singapore	Melbourne	51	64	▲	Freightos Derived
Singapore	Tauranga	60	70	▲	Freightos Derived
Vung Tau	Antwerp	130	142	▼	Freightos Derived
Vung Tau	Genoa	161	178	-	Freightos Derived

Global polymer freight rates					$/t
Origin	Destination	Argus Low	Argus High	±	Source
Northeast Asia					
Busan	Mersin	165	185	▲	Freightos Derived
Busan	Koper	184	197	▲	Freightos Derived
Busan	Genoa	149	167	▲	Freightos Derived
Busan	Valencia	158	169	▲	Freightos Derived
Busan	Antwerp	128	140	▲	Freightos Derived
Busan	Durban	90	120	-	Freightos Derived
Busan	Santos	115	130	▲	Freightos Derived
Busan	Buenaventura	110	140	▲	Freightos Derived
Busan	Callao	105	140	▲	Freightos Derived
Busan	Melbourne	62	74	▼	Freightos Derived
Busan	Tauranga	60	70	▼	Freightos Derived
Shanghai	Nagoya	30	35	▲	Freightos Derived
Shanghai	Laem Chabang	27	30	▲	Freightos Derived
Shanghai	Port Klang	15	23	▲	Freightos Derived
Shanghai	Karachi	45	60	▼	Freightos Derived
Shanghai	Mumbai Nhava Sheva	42	60	▼	Freightos Derived
Shanghai	Chennai	39	52	▼	Freightos Derived
Shanghai	Colombo	39	52	▼	Freightos Derived
Shanghai	Chittagong	50	70	-	Freightos Derived
Shanghai	Mersin	168	188	▲	Freightos Derived
Shanghai	Koper	167	188	▲	Freightos Derived
Shanghai	Genoa	155	176	▲	Freightos Derived
Shanghai	Valencia	156	185	▲	Freightos Derived
Shanghai	Antwerp	126	150	-	Freightos Derived
Shanghai	Rotterdam	123	148	▼	Freightos Derived
Shanghai	Durban	90	121	-	Freightos Derived
Shanghai	Santos	116	130	▲	Freightos Derived
Shanghai	Los Angeles	105	130	▼	Freightos Derived
Shanghai	Manzanillo	108	139	▲	Freightos Derived
Shanghai	Buenaventura	112	142	▲	Freightos Derived
Shanghai	Callao	109	142	▲	Freightos Derived
Shanghai	San Antonio, Chile	115	133	▲	Freightos Derived

FREIGHTOS

Argus freight rates are as of the day of publication. Rates derived from Freightos data are of the previous day. Selected polymer spot freight rates are calculated by Argus methodology, based on underlying data from the online freight marketplace, Freightos. Visit www.freightos.com for complete lists of $/FEU rates in the wider spot container market.

were placed at $980/t cfr Vietnam, with deals done at the same price. Binh Son Refining shut its 150,000 t/yr PP plant from mid-March for a 45-day maintenance. Hyosung Vina is expected to shut its two PDH units in April and May respectively for a scheduled maintenance, alongside the shutdown of its 600,000 t/yr upstream PDH.

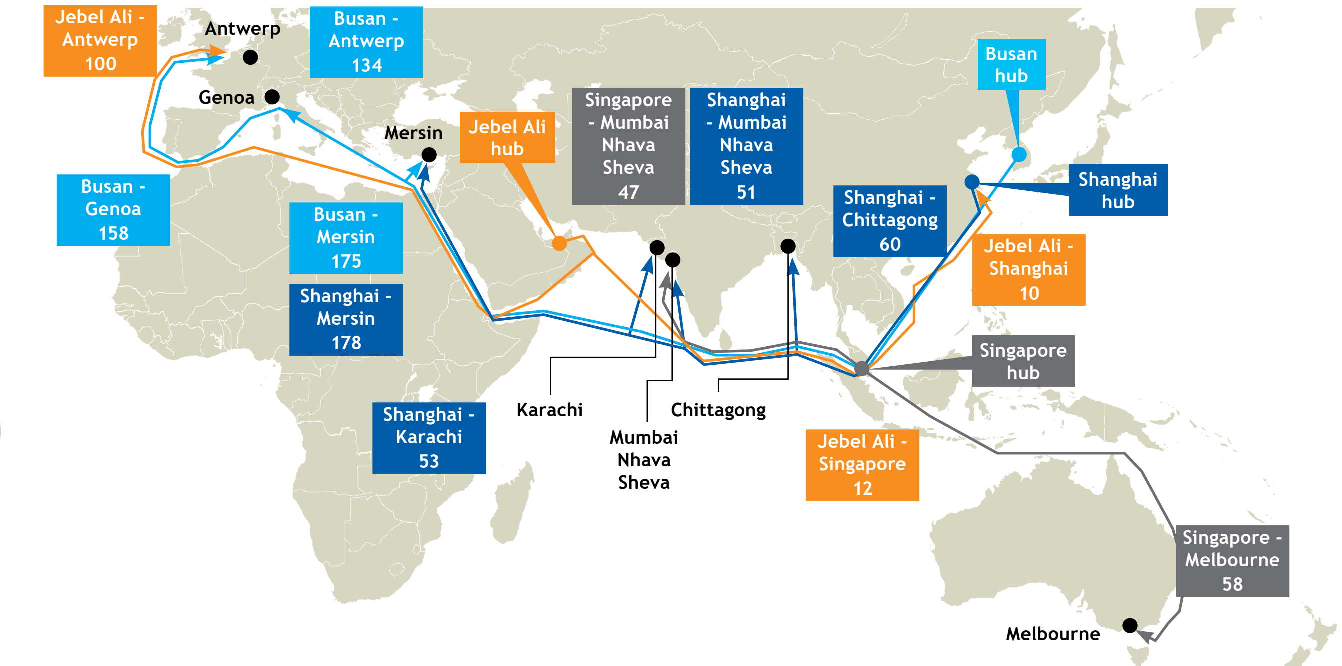
South Asia

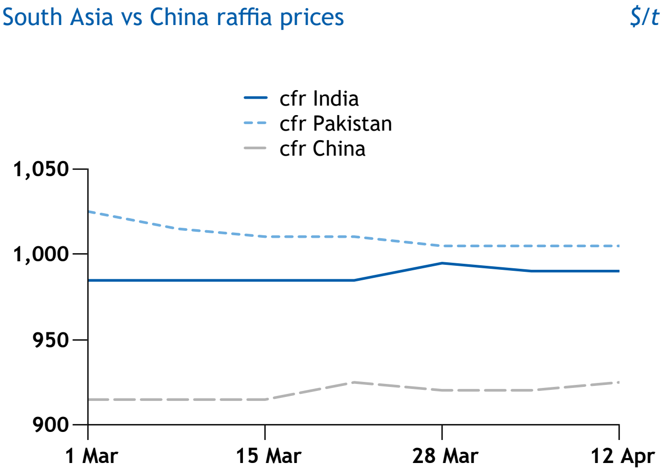
Indian PP prices were stable this week as market activity was limited. Offers from the Middle East were scarce because of Eid al-Fitr. Most Indian buyers are on the market sidelines as many continue to restock from domestic markets. Domestic producers raised prices by 1,000rupees/t as many producers expect further restocking in the coming weeks after deep destocking in March.

Indian PP raffia remained at $980-1,000/t cfr India. Deals with southeast Asian producers mostly concluded in this range after accounting for duty benefits. Southeast Asian cargoes are subjected to 5pc basic customs duties instead of the usual 7.5pc. PP block co-polymer was stable at $1,030-1,060/t cfr India. Spot offers were limited.

Domestic producers have stopped bulk discounts that were previously given in March to boost profit margins as they have been thin. Demand for imports has been weak

POLYPROPYLENE ROUTES BY EXPORTING PORT





in March. Most Indian buyers only restocked as needed and prioritised domestic cargoes over imported cargoes. Indian producers were optimistic that more restocking will take place this month as inventory levels at most converters are low. But the removal of bulk discounts could see Indian buyers change their priorities and return to import markets in May. The removal of bulk discounts could put domestic prices on par with import prices.

It has been difficult for most Indian producers to pivot to exports to alleviate this inventory pressure as they do not have the logistical infrastructures to support this. Some producers choose to continue focusing on domestic markets as netbacks are usually higher. These producers would rather bear with the thin margins seen currently as they are confident that prices will firm at the start of the new fiscal year that began this month.

Pakistani PP raffia was unchanged at $990-1,020/t cfr Pakistan. PP block co-polymer also rolled over at $1,060-1,080/t cfr Pakistan. The situation was similar in Bangladesh as PP raffia remained at $1,010-1,030/t cfr Bangladesh. PP block copolymer was stable at $1,080-1,100/t cfr Bangladesh. Market activity was limited in these countries as buyers were celebrating Eid al-Fitr. Buying activity will likely resume next week.

Sri Lanka PP raffia was stable at $1,020-1,060/t cfr Sri Lanka as spot offers were limited. Nepalese PP raffia remained at $1,020-1,070/t cpt Nepal with limited spot offers.

FUNDAMENTALS

Global production news

ExxonMobil to shut France Port Jerome petchem plant

ExxonMobil will close its chemical operation at Port-Jerome-sur-Seine in northern France. It said the site has recorded losses of more than €500mn ($540mn) since 2018.

The site will close gradually subject to government approvals, with full closure expected in 2024. ExxonMobil said 677 jobs will be lost by 2025.

The site has capacity of 290,000 t/yr for propylene, 400,000 t/yr of ethylene, and up to 80,000 t/yr of butadiene. ExxonMobil said the configuration of the steam cracker, its small size compared with newer units, high operating and energy costs in Europe has made the site uncompetitive.

"We cannot continue to operate at such a loss," said ExxonMobil's France president Charles Amyot.

The attached 236,000 b/d oil refinery is unaffected and will continue to operate. It is scheduled to come back online in May following a fire there earlier in the year. The refinery has a capacity of 70,000 t/yr of refinery grade propylene and 50,000 t/yr of chemical grade propylene.

Sabic to begin Geleen cracker closure this week

Saudi state-owned petrochemicals company Sabic will begin work at the end of this week to disconnect and permanently close one of the two steam crackers at its petrochemicals site in Geleen, Netherlands.

The steam cracker to be closed, Geleen 3, cracks naphtha/condensate feedstock with a small flexibility to crack propane and butane. The steam cracker has a nameplate ethylene production capacity of 550,000 t/yr and chemical grade propylene capacity of 260,000 t/yr. Five other units will also be shut down at the site during a three-month maintenance period, the company said, although it did not give further details.

Sabic said that the closure is "part of the strategic reorientation of the site based on careful evaluation and market conditions and enables Sabic to prepare the Geleen site for future success in a competitive market".

Sabic operates two steam crackers at Geleen. The other, Geleen 4, has a capacity of 675,000 t/yr of ethylene and 485,000 t/yr of propylene. Both crackers are over 40 years old. Sabic also operates derivative capacities at the site, including 300,000 t/yr of HDPE, 470,000 t/yr of LDPE and 600,000 t/yr of polypropylene. The site also has a 130,000 t/yr butadiene extraction unit.

Sabic is also expected to restart its steam cracker in the future at its Wilton site in Teesside in the UK with the company investing in the site to convert the cracker to 100pc ethane feedstock. The cracker was shut in 2020, when it had a capacity of 786,000 t/yr of ethylene production. This is expected to decrease to 450,000 t/yr capacity when the plant restarts production.

Borealis to increase renewable feedstocks at Porvoo

Austria-based chemical company Borealis has invested €4.5mn ($4.9mn) to upgrade cracker furnaces at its Porvoo site in Finland, allowing increased use of renewable and recyclable raw material in olefins production.

The project will impact three of the 10 cracker furnaces in the olefins unit at the site, allowing 120,000 t/yr of base chemicals to be produced from recyclable and renewable feedstocks. The work is expected to be completed by 2025, the company said, adding that the circular raw materials produced at Porvoo have already secured International Sustainability and Carbon Certification (ISCC).

The Porvoo steam cracker has a capacity of 430,000 t/yr of ethylene and 263,000 t/yr of propylene.

US finalizes emission limits for chemical plants

About 200 petrochemical plants, many located in Louisiana and Texas, will be required to reduce toxic air emissions and install fenceline air monitors under a rule President Joe Biden's administration finalized on 9 April.

The rule will apply to chemical plants that produce synthetic organic chemicals and a variety of polymers and resins. The US Environmental Protection Agency (EPA) expects the regulations will reduce plant emissions of the likely carcinogens ethylene oxide (EtO) and chloroprene by nearly 80pc, protecting nearby communities from having elevated risks of contracting leukemia, lymphoma, breast cancer and liver cancer.

"Once the final rule is fully implemented, no one will again face elevated cancer risks from EtO or chloroprene emissions from the equipment and processes covered by this rule," EPA administrator Michael Regan said.

Petrochemical plants covered by the rule are expected to spend $522mn on equipment to come into compliance, in addition to an estimated $194mn/yr in recurring costs. Petrochemical plants will be required to improve flare efficiency, reduce equipment leaks and minimize emissions during startups, shutdowns and malfunctions. Those changes will also avoid nearly 24,000 t/yr of the emissions of other air toxics such as benzene, vinyl chloride and 1,3-butadiene, EPA said.

The final rule will replicate a fenceline air monitoring program — already in place at US refineries — that will create an "action level" for six different pollutants and publicly publish results. Chemical plants will be required to make repairs if the monitors detect annual concentrations of the six chemicals that exceed the action level, EPA said.

"This powerful tool will help ensure that companies act responsibly and actually find and fix leaks at their facilities," Regan said.

Environmentalists say they strongly support the final rule, which they say will reduce the "pollution burden" in communities near facilities where cancer risks are elevated. Industry groups urged EPA to withdraw many parts of the rule. The American Chemistry Council, in formal comments last year, said it had "significant concerns" with the fenceline monitoring program and many other key parts of the rule.

Plant maintenance, outages and disruptions

Status	Plant	Location	Grade	Capacity '000t/yr	Duration	Remarks	Source
	Braskem Americas	US	PP	Unknown	Feb	Force majeure announced for impact copolymer grades	Industry
	Invista	US	PP	344	Mar	Force majeure announced for PP supplies out of Longview, Texas	Industry
	TotalEnergies Feluy	Europe	PP	470	25 Jul 2023 until present	Force majeure announced after technical issues	Industry
	TotalEnergies Feluy	Europe	PP	440	25 Jul 2023 until present	Force majeure announced after technical issues	Industry
	LyondellBasell Brindisi	Europe	PP	235	Jan - permanent	Closure	Producer
	Repsol Tarragona	Europe	PP	200	1 Mar until present	Force majeure announced after technical issues at No.2 PP plant	Industry
	Repsol Tarragona	Europe	PP	190	1 Mar until present	Force majeure announced after technical issues at No.2 PP plant	Industry
	MOL Tiszaujvaros	Europe	PP	180	Early Mar until present	Force majeure announced after cracker outage	Industry
	MOL Tiszaujvaros	Europe	PP	100	Early Mar until present	Force majeure announced after cracker outage	Industry
	Orlen Unipetrol	Europe	PP	300	31 Mar - 17 Apr	Planned maintenance	Producer
	Ufaorgsintez	Russia	PP	120	Mid-Sep 2023 for 14 days	Planned maintenance	Producer
	Stavrolen	Russia	PP	120	11 Sep 2023 for 45 days	Planned maintenance	Producer
	Wuhan Petrochemical	China	PP	120	10 Nov 2021 until present	Maintenance	Producer
	Haiguo Longyou Daqing Lianyi Petrochemical	China	PP	200	Apr 2022 until present	Maintenance due to margin concerns	Producer
	Haiguo Longyou Daqing Lianyi Petrochemical	China	PP	350	3 Apr 2022 until present	Maintenance due to margin concerns	Producer
	Sinopec Tianjin No.2	China	PP	200	1 Jul 2022 until present	Unplanned outage due to technical problems	Producer
	PetroChina Jinxi	China	PP	150	8 Feb 2023 until present	Maintenance	Producer
	Qinghai Saltlake	China	PP	160	12 Jul 2023 until present	Planned maintenance extended	Producer
	Shaoxing Sanyuan No.2	China	PP	300	20 Sep 2023 until present	Planned maintenance extended	Producer
	Changzhou Fund	China	PP	300	1 Nov 2023 until present	Maintenance due to margin concerns	Industry
	Sinopec Luoyang No.1	China	PP	80	3 Nov 2023 until present	Planned maintenance extended	Producer
	Zhongjing Petrochemical Phase 1 No.2	China	PP	350	5 Dec 2023 until present	Unplanned outage due to margin concerns	Producer
	Sinopec Qilu	China	PP	70	23 Dec 2023 until present	Unplanned outage due to a fire	Producer
	Chambroad Petrochemical	China	PP	200	1 Nov 2023 until present	Unplanned outage due to technical issues	Producer
	Hongrun Petrochemical	China	PP	450	6 Dec 2023 until present	Unplanned maintenance	Producer
	Ningbo Fuji (Oriental Energy) Phase 2	China	PP	800	Mid-Mar for one month	Changed maintenance plans	Producer
	PetroChina Dalian No.1	China	PP	200	15 Mar - 13 May	Planned maintenance	Producer
	PetroChina Dalian No.2	China	PP	70	15 Mar - 13 May	Planned maintenance	Producer
	Zhongke Refinery No.1	China	PP	350	20 Mar - 20 May	Planned maintenance	Producer
	Zhongke Refinery No.2	China	PP	200	20 Mar - 20 May	Planned maintenance	Producer
	Inner Jiutai	China	PP	320	15 Mar - 15 Apr	Planned maintenance	Producer
	Jinneng Chemical	China	PP	450	8 Mar - end Apr	Unplanned maintenance	Producer

Packaging and downstream applications

Invista plans nylon fiber business exit

Integrated chemical producer Invista said it plans to sell its fiber portfolio.

The company's fiber business includes airbag and industrial fibers, the Cordura fabrics businesses and five manufacturing centers in Seaford, Delaware; Martinsville, Virginia; Kingston, Canada; Gloucester, UK; and Qingpu, China.

"Nylon fibers is a great business, and we believe there are other companies with different focus and capabilities that could create even greater value with those assets," said chief executive Francis Murphy on Tuesday.

If Invista is unable to find a buyer for the nylon business it will continue to operate it, Murphy said.

The Kansas-based company operates across the nylon 6,6 and polypropylene value chains to make intermediates, polymers and fibers for various sectors, particularly automotive applications, electronics, and consumer goods. Butadiene serves as a feedstock of nylon intermediates.

Invista has hired Barclays to lead the nylon business sales process.

China's March auto output, sales rise from holiday lull

China's auto production and sales in March rebounded from low levels in February with manufacturers' operations accelerating after the holiday lull the previous month.

Production in March rose by 78.4pc from the previous month and was up by 4pc from a year earlier to 2.687mn units, according to the China Association of Automobile

Plant maintenance, outages and disruptions

Status	Plant	Location	Grade	Capacity '000t/yr	Duration	Remarks	Source
	PetroChina Dalian No.1 & No.2	China	PP	270	End Mar - Early May	Planned maintenance	Producer
UPDATE	Sinopec Zhongyuan No.1	China	PP	60	1 - 13 Apr	Planned maintenance	Producer
UPDATE	Sinopec Zhongyuan No.2	China	PP	100	13 Apr - end Apr	Planned maintenance delayed	Producer
UPDATE	Ningbo Fuji (Oriental Energy) Phase 1	China	PP	400	19 Apr for one month	Planned maintenance delayed	Producer
	Zhejiang Petrochemical No.1	China	PP	450	6 Apr for 2 - 3 weeks	Planned maintenance delayed	Producer
NEW	Zhongjing Petrochemical Phase 2	China	PP	600	10 Apr until present	Planned maintenance because of feed-stock shortages	Producer
UPDATE	Shenhua Baotou	China	PP	300	15 Apr - end May	Planned maintenance delayed	Industry
	Zhejiang Petrochemical No.4	China	PP	450	20 Apr - early May	Planned maintenance	Producer
UPDATE	Datang Duolun No.1	China	PP	230	May for 25 days	Planned maintenance delayed	Producer
UPDATE	Datang Duolun No.2	China	PP	230	May for 25 days	Planned maintenance delayed	Producer
UPDATE	PetroChina Dushanzi No.1	China	PP	70	Mid-May - early Jul	Planned maintenance	Producer
UPDATE	PetroChina Dushanzi No.2	China	PP	70	Mid-May - early Jul	Planned maintenance	Producer
UPDATE	PetroChina Dushanzi No.3	China	PP	300	Mid-May - early Jul	Planned maintenance	Producer
UPDATE	PetroChina Dushanzi No.4	China	PP	250	Mid-May - early Jul	Planned maintenance	Producer
NEW	Sinopec Zhenhai	China	PP	160	5 - 25 May	Planned maintenance	Industry
NEW	Wanhua Chemical	China	PP	300	8 - 23 May	Planned maintenance	Producer
	Shenhua Yulin	China	PP	300	Early Jun for 20 days	Planned maintenance	Industry
	JG Summit Petrochemical	Philippines	PP	300	Jan until present	Plant is operating at around 85pc	Producer
	Thai Polypropylene	Thailand	PP	720	Mid-Nov 2023 - Mar	Maintenance	Industry
	Petron	Philippines	PP	160	Jan	Plant has been unexpectedly shut	Industry
	Polytama Propindo	Indonesia	PP	300	25 Jan - 9 Feb	Maintenance	Industry
	IRPC	Thailand	PP	385	Mid-Jan for 30 days	Maintenance	Industry
	IRPC	Thailand	PP	140	Mid-Jan for 20 days	Maintenance	Industry
	IRPC	Thailand	PP	100	Feb for 15 days	Maintenance	Industry
	IRPC	Thailand	PP	150	Feb for 15 days	Maintenance	Industry
	HMC Polymers	Thailand	PP	200	Jan	Plant is operating at 85pc	Industry
	HMC Polymers	Thailand	PP	250	Jan	Plant is operating at 85pc	Industry
	HMC Polymers	Thailand	PP	360	18 Sep 2023 until present	Maintenance	Industry
	Binh Son Refining and Petrochemical	Vietnam	PP	150	Mid-Mar - end Apr	Maintenance	Industry
	Hyosung Vietnam	Vietnam	PP	600	Apr - May	Maintenance	Industry
	Lotte Chemical Titan	Malaysia	PP	166	End Apr for 40 days	Maintenance	Industry
	Lotte Chemical Titan	Malaysia	PP	274	End Apr for 20 days	Maintenance	Industry
	Lotte Chemical Titan	Malaysia	PP	200	Early Apr - mid-May	Maintenance	Industry
	Chandra Asri	Indonesia	PP	590	May for 45 days	Maintenance	Producer

Manufacturers (CAAM). Sales in March rose by 70.2pc from the previous month and were up by 9.9pc from a year earlier to 2.694mn units.

Passenger car sales and output rose by 67.8pc and 76.7pc respectively from the previous month to 2.236mn units and 2.25mn units in March. Passenger car sales and output in March rose by 10.9pc and 4.7pc respectively from a year earlier.

China exported 502,000 vehicles in March, up by 33pc from February and up by 37.9pc from a year earlier, CAAM said.

China's new energy vehicle (NEV) sales and output totalled 883,000 units and 863,000 units respectively in March, up by 35.3pc and 28.1pc from a year earlier. NEV sales in January-March rose by 31.8pc from a year earlier to 2.09mn units and output rose by 28.2pc to 2.115mn units.

The robust growth of NEV production and sales and high exports levels remained the main drivers, CAAM said. But China's domestic market faces problems of slowing increases this year, which need detailed measures to push for an early implementation of supportive policies like equipment upgrades and trade-in programmes, CAAM added.

China's March EV sales rebound after holiday slowdown

China's new energy vehicle (NEV) production and sales rebounded significantly in March from the previous month, as a slowdown during the 10-17 February lunar new year holiday reduced industrial activity.

China produced 863,000 NEVs in March, up by 28pc from the previous year and by 86pc from a month earlier, with sales increasing by 35pc from a year earlier and by 85pc from the previous month to 883,000, according to data from the China Association of Automobile Manufacturers (CAAM). NEV refers to battery electric vehicles (EVs), plug-in hybrids and fuel-cell vehicles in China.

The country exported 124,000 NEVs in March, rising by 59pc from a year earlier and by 52pc from February. Exports for January-March increased by 33pc to 307,000 units from a year earlier.

NEV production totalled 2.114mn units over January-

New start-ups

Status	Plant	Location	Grade	Capacity '000t/yr	Start-up	Remarks	Source
	Grupa Azoty	Europe	PP	437	2024	Plant started trial runs from November	Industry
	Anhui Tianda	China	PP	300	1Q		Producer
	Quanzhou Guoheng Chemical	China	PP	450	1Q		Producer
	Huizhou Lituo New Material	China	PP	300	Mar	Completed trial runs on 5 March, started commercial runs at low rates	Producer
	Jinneng Petrochemical Phase 2 No.1	China	PP	450	May	Completed trial runs in late December 2023, start-up targeted in May	Producer
	Jinneng Petrochemical Phase 2 No.2	China	PP	450	2Q	Delayed from 1Q 2024	Producer
	Jiangsu Yanchang Zhongran	China	PP	400	Mid-2024		Producer
	Oriental Maoming Phase 2	China	PP	450	2024	Delayed from 2H 2023	Producer
	Sinopec Tianjin Nangang	China	PP	350	3Q		Producer
	Shandong Jincheng Petrochemical	China	PP	300	3Q		Producer
	Shandong Yulong Phase 1	China	PP	1100	3Q		Producer
	Baofeng Energy Inner Mongolia	China	PP	1500	Sep		Producer
	Zhejiang Yuanjin New Materials No.3	China	PP	500	End 2024	Delayed from 2Q 2023	Producer
	ExxonMobil Huizhou	China	PP	850	End 2024		Producer
	Zhenhai Refinery No.4	China	PP	500	End 2024		Producer
	Ningbo Jinfa New Material Phase 2 No.2	China	PP	400	2024		Producer
	Lihua Weiyuan Chemical	China	PP	200	2024		Producer
	Sinopec Qilu	China	PP	250	2024		Producer
	Nayara Energy	India	PP	450	4Q	Start-up delayed	Producer
	PRefChem No. 1	Malaysia	PP	450	Aug 2022	Plant has been shut	Industry
	PRefChem No. 2	Malaysia	PP	450	Oct 2022	Plant has been shut	Industry
	Long Son Petrochemical	Vietnam	PP	400	Jun	Plant shutdown extended to June	Industry

March, up by 28pc from the same period of last year, with sales increasing by 32pc to 2.089mn over the same period.

China's 2030 and 2060 decarbonisation targets have bolstered its NEV sales continuously in the past decade. NEV sales accounted for 26pc of the country's total automotive sales in 2022, 31.6pc in 2023, 32.8pc in March and 31.1pc over January-March this year. China aims to raise new NEVs' share in its total vehicle sales to 45pc by 2027, according to a plan issued by the government earlier this year.

The country's largest EV manufacturer BYD produced 612,315 NEVs during January-March, rising by 8pc from a year earlier, with sales up by 14pc to 626,263 units over the same period.

India's passenger vehicle sales rise in FY2023-24

Sales of passenger vehicles in India rose on the year in March and in the April 2023-March 2024 fiscal year, supported by strong economic growth.

Domestic sales of passenger vehicles were at 368,000 units in March, up by 9.5pc from a year earlier, data from the Society of Indian Automobile manufacturers show. Sales had hit a record high of 370,000 units in February.

Domestic passenger vehicle sales rose by 8pc on the year to 4.2mn units during 2023-24.

The automobile industry remains optimistic given a positive macroeconomic outlook, Siam president Vinod Aggarwal said. "Coupled with good monsoon outlook, we are expecting continued growth for the industry this year as well," Aggarwal added.

Sales also increased in the two-wheeler and three-wheeler segments in March. Two-wheeler sales posted the strongest growth, rising by 15pc on the year to 1.49mn units last month. Sales were at 18mn units in 2023-24, a growth of 13pc from the previous year.

Three-wheeler sales rose by 42pc on the year to 692,000 units during 2023-24.

Production increased across all segments during 2023-24, with passenger vehicles clocking a growth of 6.9pc from the prior year.

Exports of passenger vehicles rose by 1.4pc on the year during 2023-24. But exports of commercial vehicles, three-wheelers and two-wheelers fell by 16pc, by 18pc and by 5.3pc respectively from the prior year.

Indian EV sales hit record highs in FY2023-24

India's full electric vehicle (EV) sales hit record highs during the April 2023-March 2024 fiscal year, with sales surging in March, likely as consumers rushed purchases with a government subsidy scheme coming to an end on 31 March.

EV sales rose to 1.67mn units during 2023-24, up by 42pc from 1.18mn units a year earlier, according to data on government website Vahan. Indian manufacturers sold 208,929 EVs in March, up by 47pc from February's 141,447 units and by 48pc from a revised 140,919 units in March 2023.

The rise in sales in March and over 2023-24 was led by a rally in two-wheeler EV sales. Total two-wheeler EV sales during 2023-24 hit a record high of 944,126 units, up by 30pc from a year earlier. Sales of two-wheeler EVs also surged to a record monthly high of 136,550 units in March, up by 65pc from February and by 60pc from a year earlier.

Total sales of three-wheelers reached a historical high of 632,485 units in 2023-24, up by 57pc from the previous high of 401,882 units in 2022-23. Sales of three-wheeler EVs in March grew to 60,641 units, up from 50,598 units in February and 45,225 units in March 2023.

The government had provided a demand incentive under the Faster Adoption and Manufacturing of Electric Vehicles-2 (Fame-2) scheme of 10,000 rupees/kWh ($120/kWh), but this scheme came to an end on 31 March. In its place, the government has introduced the Electric Mobility Promotion Scheme (EMPS), which continues subsidies for two- and three-wheeler EVs until 31 July this year, at an outlay of 5bn rupees ($60mn).

India aims for EVs to account for 30pc of all new vehicle sales by 2030. The next few months are likely to reveal the impact of the new subsidies.

The Indian EV sector will contribute significantly to the country's plans for decarbonisation towards 2030, the Paris-based IEA said in February. New EVs and energy efficiency improvements under India's energy transition plans will cut India's oil demand growth by 480,000 b/d during 2023-30, the IEA said in its Indian Oil Market — Outlook to 2030 report released that month.

Mexico’s domestic auto sales could reach 1.5mn

Domestic sales of light vehicles in Mexico continue to expand and could reach 1.5mn in 2024, the highest level in more than six years, Mexican auto distributor association AMDA said.

While sales were 2.3pc lower than the group had estimated for March, AMDA still projects full-year sales to reach at least 1.45mn units, or 6.6pc higher than in 2023.

This could go even higher if buyer sentiment is strong, AMDA president Guillermo Rosales said.

"I am seeing elements that can bring us closer to a million and a half units, depending on the consumer mood, the recovery of purchasing power and also the increased competition that we have been seeing, said Rosales.

Mexico's auto industry is also seeing the same post-pandemic recuperation in output occurring globally with supply-chain issues that forced raw materials and logistics costs to soar now resolving, he said.

AMDA reported auto prices rose by 2.13pc year-over-year in the first half of March in Mexico versus 4.48pc headline inflation in the same period. This compares to 3.43pc inflation for vehicles in February.

Consumer interest could also increase for vehicles imported from abroad because of the continued strength of the Mexican peso. The currency strengthened again in the last week, trading briefly at Ps16.26/$1 on 9 April — the lowest exchange rate since mid-2015.

Mexican auto industry association AMIA president Odracir Barquera stressed that Mexico continues to export more vehicles to the US than any other country, with Mexican-made vehicles comprising 16pc of all cars imported into the US in March, up to twice as much as next contenders of Japan, Korea and Germany.

He added that 81pc of all autos made in Mexico and then exported head to the US, with the value of auto exports comprising $16.65bn of the total $50.72bn of all goods exported in February. And while all exports saw a 13pc year-over-year increase in February, auto exports were up 27pc in the same comparison.

Mexico is the fourth-largest auto exporter worldwide.

The AMIA estimates that by 2024, Mexico will produce more than 4mn vehicles and export 3mn-3.5mn of them.

Still the EU will likely continue to lead, as it recorded $899bn worth of auto exports in 2022, compared to $189bn for Mexico that year. The US, Japan and China will continue to compete closely with Mexico for second place.

Brazil’s vehicle output dropped in March

Brazil's vehicle production fell by 11pc in March from a year earlier, thanks to higher imports and lower exports.

The country produced approximately 195,800 units in March, down from nearly 221,800 a year before, according to the Brazil's vehicle association Anfavea. Output increased by 3.2pc from February.

Production in the first quarter of 2024 totaled almost 538,000 units, a 0.4pc hike from the same period last year.

Vehicle sales decreased to almost 187,700 units in March, down by 5.7pc from the same period in 2023. Sales jumped by 13pc from February.

Sales are rising in 2024 and the first week of April already has seen the highest daily sales average since 2014 — 10,600 units — as clients are having more access to bank financing, Anfavea said. The daily high was close to 11,000 units before the Covid-19 pandemic.

But a higher level of imports squeezed domestic production. "If the volume of imports in the first quarter of 2023 had been maintained, our output would have grown by 5pc", Anfavea president Marcio de Lima Leite said. The volume of deliveries in the period was not disclosed.

March 2024 also had three fewer workdays than in 2023, Leite added. "Output was the best since November as the market adjusts to increasing demand."

Brazil exported around 32,700 units in March, down by 28pc from the same period last year and up by 6.5pc from February. Argentina is the main destination for Brazil's exports, followed by Mexico and Uruguay.

The automotive sector also expects the new national decarbonization program for the transportation fleet — known as Mover — to boost the industry. The project will be published by the end of May — either as law or as an approved temporary measure, according to Anfavea.

Recently, Brazil's development bank Bndes announced a R1bn ($199mn) investment in Mover.

Mexican industrial output growth slows in Feb

Mexico's industrial production grew at a slower rate in February as construction stumbled unexpectedly and mining activity contracted.

Industrial output increased by 1.5pc year-over-year in February in seasonally adjusted terms from a year earlier, after it had increased in January by 1.9pc in the same yearly comparison, Mexico's statistics institute Inegi said on Thursday. February's output contracted by 0.1pc from the previous month.

On an annual basis, the mining segment fell by 4pc in February; the electric power, water and natural gas segment rose by 2.5pc; manufacturing remained unchanged, and oil and gas production declined by 1.4pc.

Utilities-related activities have yet to recover from a significant decline in early 2021, amid economic impacts from Covid-19 and rising disputes over energy sector investment.

Manufacture of oil- and coal-related products accelerated, rising by 17.2pc in February on a seasonally adjusted annual basis after climbing by 11.5pc in January and by 4.2pc in December, Inegi reported. This follows sharp declines in October and November 2023.

Construction, which has been driven by the government's pre-election push to complete major infrastructure projects, has grown for more than a year, and rose by 12pc in February on an annual basis. But month-over-month, it declined by 2.5pc.

Still, construction has been more volatile in recent months, rebounding in January after a mostly sluggish fourth quarter in 2023.

Mexican bank Banorte in a note Thursday said it expects construction to resume a general positive acceleration "in the short term, although we expect the boost from manufacturing in the medium-term to be much more substantial … especially autos."

With manufacturing, the bank also said to expect distortions from the strength of the Mexican peso — with the US dollar-Mexican peso exchange rate now at a 9-year low. This cheapens imports but also reduces earnings from exports.

Banorte expected industrial production to grow by 0.8pc overall in February from the previous month, with 0.1pc monthly growth in construction; 0.7pc expansion in utilities; 1.2pc growth in manufacturing and a 1.5pc drop in mining.

While mining fell only by 0.8pc month-over-month, February performance in other segments was closer in line with the bank's estimates, with Inegi reporting utilities growing by 0.7pc and manufacturing up by 0.5pc.

Leap Year added a business day to February this year, and in unadjusted terms industrial production grew by 3.3pc annually, well below Banorte's 5.1pc estimate and the 4.1pc estimated by Citibanamex, Citibank's Mexico subsidiary.

Economic view

Global concerns have been mounting over China's excess industrial capacity. In recent economic meetings with Chinese officials the US Treasury Secretary, Janet Yellen, noted that there are rising concerns over the economic fallout from China's excess manufacturing capacity and exports.

China has set an ambitious economic growth target of 5pc for this year, driven in part by more investment in new high-technology sectors as the economy struggles to overcome a property crisis and weak consumer demand. But economists remain doubtful, and many believe China's growth model needs a major overhaul in order to boost domestic consumption and reduce its traditional heavy reliance on investment.

In the west, the US economy continues to show strong growth in comparison to other major global economies. While many economists expect interest rates to be cut in June, the central bank chief, Jerome Powell, noted there is a need for more debate and data before interest rates are cut.

Powell has said that rates will be cut only when they "have greater confidence that inflation is moving sustainably down" to the Fed's 2pc target. His comments reiterate the latest language the Fed has adopted as it tries to balance the risks of cutting interest rates before inflation is controlled, with the risks of suppressing economic activity more than is needed.

In Europe, despite inflation falling, the European Central Bank (ECB) kept interest rates unchanged at its latest policy meeting. Governing council members have previously cited the need to evaluate fresh wage data, due in May, before making the decision to lower rates.

Since September 2023, the ECB has kept its key interest rate – known as the main refinancing operations rate – at a record high of 4.5pc.

US inflation accelerates to 3.5pc pace in March

The US consumer price index (CPI) accelerated to a 3.5pc annual pace in March, a sign the Federal Reserve is likely to hold its target lending rate at a 23-year high for longer in order to slow inflation to its long-range goal.

The CPI rose from a 3.2pc rate in February and was the highest since it reached 3.7pc in September, the Bureau of Labor Statistics reported on Wednesday. So called core CPI, which strips out food and energy, rose at a 3.8pc rate, unchanged from the prior month. Food rose at a 2.2pc rate and energy rose at a 2.1pc pace. Shelter rose at a 5.7pc annual rate.

The CPI report reduced the probability that the US Federal Reserve will begin cutting its target rate at its June meeting to less than 20pc, futures markets showed on Wednesday, down from a greater than 57pc probability on Tuesday. The Fed last week signaled it was in no hurry to begin cutting borrowing costs amid stronger than expected economic data, even as it also suggested most members did expect cuts to begin later this year.

On a monthly basis, CPI rose by 0.4pc for a second month and core CPI rose by 0.4pc for a third month. Food rose by 0.1pc on the month and energy rose by 1.1pc, with gasoline up 1.7pc. The shelter index and gasoline index accounted for 50pc of the monthly gain in the headline CPI index, the bureau said.

ECB keeps interest rates unchanged

The European Central Bank (ECB) left its key lending rate unchanged on Thursday at a record 4pc.

The bank said inflation has continued to fall — to 2.4pc in March from 2.6pc in February — led by lower food price rises, and said its governing council is determined to ensure that inflation returns to its 2pc medium-term target "in a timely manner". It considers its key interest rates are at levels that are "making a substantial contribution to the ongoing disinflation process".

The bank said most measures of inflation are easing, and its past interest rate increases continue to weigh on demand, helping to reduce inflation. But it said domestic price pressures are "strong" and are keeping services price inflation high — at 4pc in March. The Bank of England also commented on persistent services price inflation last month when it maintained its interest rates at the same level.

The ECB's inflation projections are 2.3pc for 2024, and 2pc in 2025. The bank's gross domestic product (GDP) economic growth projection for 2024 is just 0.6pc.

IMF to upgrade global economic growth forecast

The IMF will slightly upgrade its forecast of the prospects for global growth when it releases its World Economic Outlook report next week, the organization's managing director Kristalina Georgieva said on 11 April.

he quarterly report will project that "global growth is marginally stronger on account of robust activity in the US and in many emerging markets economies," Georgieva said in a curtain raiser speech at Washington-based think tank the Atlantic Council.

The previous outlook from the IMF forecast global growth of 3.1pc in 2024 and 3.2pc in 2025. The world economy grew by an estimated 3.1pc in 2023. IMF projections are used by many economists, including at the IEA, to model oil demand projections.

With a slightly better outlook for the global economy than last year, "it is tempting to breathe a sigh of relief," Georgieva said. "But there are still plenty of things to worry about."

The IMF has been warning of growth risks from what it termed "geo-fragmentation" — the division of once-global markets for commodities and other products based on the political affiliation. Since Russia's invasion of Ukraine, trade growth between the economies in politically distant blocks has been 2.4 percentage points slower than between politically aligned countries, she said.

The IMF is also calling on its members to step up energy transition efforts, as a way to boost growth. Globally, spending on renewable energy technologies already outstrips investment on fossil fuel by 1.7:1 ratio, she said. That ratio was equal five years ago.

Supply chain and shipping

Shipping association BIMCO forecasts that cargo volumes are expected to grow more slowly than fleet in both 2024 and 2025. But, the ship supply/demand balance is still expected to strengthen in 2024 as Houthi attacks on ships in the Red Sea drive ships to take longer routes via the Cape of Good Hope.

BIMCO expects the Red Sea reroute will impact the market during the first half of 2024, with routings returning to normal via the Suez Canal after that.

As this temporary increase in demand for ships is not related to cargo volume growth, it follows that ship demand will fall in 2025. The tightening of the supply/demand balance in recent months has led to an increase in freight rates, time charter rates and time charter fixture periods.

In the second half of 2024, the Red Sea reroute is expected to be resolved and ships will slow down in the second half of the year to end with similar average sailing speed as in 2023, according to BIMCO.

Houthis claim operation in the Indian Ocean

Yemen's Houthi militants claimed to have carried out a targeting operation on a container ship in the Indian Ocean — the first time the group has targeted a vessel beyond the Red Sea and Gulf of Aden since it began its attacks on commercial shipping in November.

The Houthis targeted the MSC Grace F in the Indian Ocean as well as the MSC Gina in the Arabian Sea, the group's spokesman said. He referred to the two container vessels owned by MSC as "Israeli ships" and said they were "heading to ports in occupied Palestine". "The operation was carried out with a number of ballistic and winged missiles, achieving its objectives successfully," he said.

The Houthis announced their intention to expand their targeting of Israel-affiliated shipping into the Indian Ocean on 15 March. The vessel allegedly targeted in the Indian Ocean was operating between Mombasa and Mogadishu, according to security firm Ambrey.

Contrary to the Houthi statement, neither vessel was headed to Israel, but the Houthis have used similar language before when targeting the same company because of the company's trade with Israel and co-operation with Israel-affiliated companies, Ambrey added.

The group also said it targeted the "British ship" Hope Island with "a number of suitable naval missiles and the hit was direct", as well as "a number of American military frigates in the Red Sea, using a number of drones".

US Central Command confirmed an anti-ship ballistic missile was launched from a Houthi-controlled area of Yemen towards the Gulf of Aden where a coalition ship was escorting Hope Island, which is Marshall Islands-flagged, UK owned, and Italian operated. There were no injuries or damage reported by US, coalition, or commercial ships, it said.

The Houthis spokesman said the group will persist with its "military operations, enforcing a blockade on Israeli navigation in the Red and Arabian Seas and the Indian Ocean until a ceasefire is achieved and the siege is lifted in Gaza".

US rail volume rises on commodities traffic

Most US rail freight volume, excluding coal, rose in March amid signs of a pickup in the manufacturing sector.

Total US rail volume rose in March to 1.9mn units, up by 4.2pc from the year-earlier month, Association of American Railroads (AAR) data show.

"Large swaths of rail traffic reflect broader economic changes," AAR chief economist Rand Ghayad said.

He cited the Institute for Supply Management (ISM's) manufacturing purchasing managers' index (PMI) survey's shift into expansion territory in March, saying it "aligns with rail carloads, excluding coal, showing a healthy 2.9pc growth."

He pointed particularly to chemicals traffic, which rose by 5.7pc from March 2023, as well as petroleum products, up by 15pc; and motor vehicles, up by 6.3pc.

Economic activity in the US manufacturing sector grew last month for the first time in more than a year, reflecting improved demand and stronger output. The ISM's purchasing managers index rose to 50.3 in March, the first sign of expansion in the sector since September 2022. Readings above 50 signal growth while those below that level signify contraction.

The March results indicate demand is in the early stages of recovery, with "clear signs of improving conditions," ISM said.

Rail carload volume, excluding coal, rose last month by 2.9pc compared with March 2023, AAR data show. Carload volume is mostly made up of commodities.

But "coal volumes continue to decline due to ongoing shifts in electricity generation markets," AAR's Ghayad said.

Lower natural gas prices have made it difficult for coal-fired generation to compete for dispatch in most of the US since last year. March coal volume fell by about 17pc from the year-earlier period, US Surface Transportation Board data show.

The only other commodity segment to drop last month were nonmetallic minerals, which includes sand, crushed stone, clay and glass products.

Intermodal freight traffic continues to rise, reflecting stable consumer spending and increasing port activity, and inventory restocking by retailers, Ghayad said.

Intermodal volume, primarily containers filled with consumer goods, rose by 12pc last month compared with March 2023, AAR data shows.

Railway equipment group warns of boxcar shortage

The Railway Supply Institute (RSI) is urging federal regulators to help avoid a so-called "boxcar cliff," fearing lower compensation rates are contributing to a shortage of boxcars in the US.

Boxcars are essentially rented to railroads, which compensate the owners by paying car hire rates. US rail regulator the US Surface Transportation Board (STB), with a regulation known as the Arbitration Rule, has established a default rate for railcars, primarily boxcars, that do not have a negotiated rate. Those cars are assigned a rate that is equal to the lowest negotiated rate in effect for that equipment type at the end of the previous quarter. Other cars, such as tank cars and gondolas, usually have rates set in negotiated agreements to move various commodities.

The problem is that the default rates can often be as low as 17¢/hour for a boxcar, which often costs more than $150,000 to build, according to RSI. It is difficult to negotiate a higher car hire rate with railroads because are very aware of that 17¢/hour default rate, said Paul Titterton, president of North American operations at railcar leasing company GATX.

Those car owners also have to compete with TTX, a railcar pooling company owned by the largest railroads, that are exempt from these rules. TTX did not respond to calls for comment.

Because they control TTX, railroads can invest and set boxcar rates they consider to be remunerative, Titterton said.

There are about 100,000 boxcars in North America, and the low compensation rate is disincentivizing shippers from building and buying new boxcars, said Patty Long, president of RSI, which represents rail car makers and parts manufacturers.

The existing "car hire system discourages investment in this integral component of our rail transportation fleet, with boxcars providing efficient shipping for crucial American commodities," she said. Boxcars are used to haul a wide array of goods including pulp, paper, beverages and canned goods.

The default rate does not respond to changing market conditions, such as the shrinking equipment fleet, Long said.

That low compensation rate contributed to a 38pc decline in the number of boxcars in the US since 2008, RSI said. And the aging boxcar fleet is expected to decline another 22pc by 2030.

RSI has petitioned the STB to revisit its Arbitration Rule and reevaluate the way compensation is determined.

Industry trade group the Association of American Railroads said it is reviewing the petition and deciding on its next steps.

STB's Railroad-Shipper Transportation Advisory Council last year urged the agency to look into ways to head off the "boxcar cliff." The group noted that most railcars have a 50-year lifespan, and the retirement of boxcars built in the 1970s and 1980s is accelerating.

"As a result, the North American railroad system and shippers across the US face a devastating boxcar shortfall without sufficient new production to replace thousands of mandated and other planned boxcar retirements," the group said in a March 2023 white paper.

QUOTE OF THE WEEK

"Hopefully, the shutdowns in Asia can support prices."
— *Asia Pacific participant*

ANNOUNCEMENTS

Renaming CFR Brazil and CFR WCSA PP Prices

Argus proposes to change the name of four South American polypropylene assessments to more clearly describe product origin. Under this proposal, cfr Brazil and cfr west coast South America homopolymer PP and copolymer PP prices would be renamed to include “US/Canada origin”. The methodology governing the prices would not change.

Argus will accept comments on this change up to 19 April 2024. To discuss comments on this proposal, please contract Michelle Klump at michelle.klump@argusmedia.com or +1 713-360-7509. Formal comments should be marked as such as may be submitted via e-mail to polymers@argusmedia.com and received by 19 April 2024. Please note, formal comments will be published after the consultation period unless confidentiality is specifically requested.

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