

HIGHLIGHTS

Feedstocks

- Crude stabilises at lower level
- Europe ethylene prices fall

US

- Production largely normalizes after winter storms
- Market awaits fresh export offers

Latin America

- Demand remains weak in aftermath of holidays
- Argentine buyers still struggling to get import licenses

Europe

- January negotiations start slowly

Turkey

- Reduced supply pushes prices up

China

- Domestic demand begins to submerge

India

- Strong demand to sustain throughout 1Q

MARKET PRICES

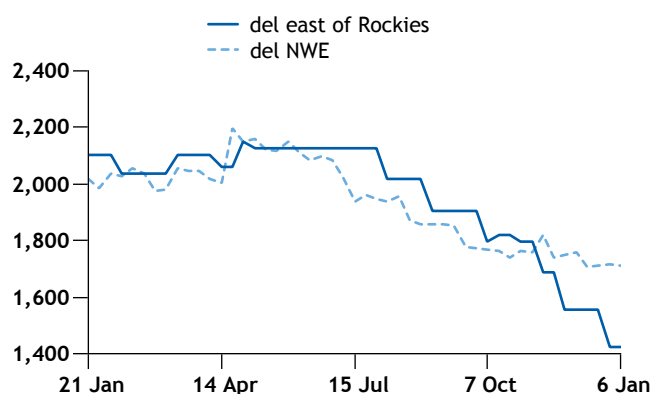
Contract prices				\$/t
	Timing	Contract marker		Argus Δ
US				
PVC pipe del east of Rockies	Dec	1422	▼	-132.00
Europe				
PVC pipe del NWE	Dec	1709	▼	-9.00
PVC pipe del southern Europe	Dec	1746	▼	-9.00
PVC pipe del central and eastern Europe	Dec	1714	▼	-9.00
PVC paste del NWE	Dec	1831	▼	-9.00

The Argus Δ (delta) is the assessed change in price from the previous month

Spot prices				\$/t
Product and basis	Price		Weekly ±	
US				
PVC pipe fas Houston bagged	761-772	-	0.00	
Latin America				
PVC pipe cfr Brazil	772.5	-	0.00	
PVC pipe cfr WCSA	775	-	0.00	
Europe				
PVC pipe import price cif Europe	987	-	0.00	
Turkey				
PVC k67 west Europe origin cfr Turkey	1050-1100	▲	+100.00	
Egypt				
PVC pipe cfr Egypt	880-920	▲	+40.00	
Asia-Pacific				
PVC pipe ex-works China import parity	744-792	▲	+10.00	
PVC pipe fob China (carbide-based)	830-850	-	0.00	
PVC pipe cfr China	875-885	▲	+60.00	
PVC pipe India cfr	920-940	-	0.00	

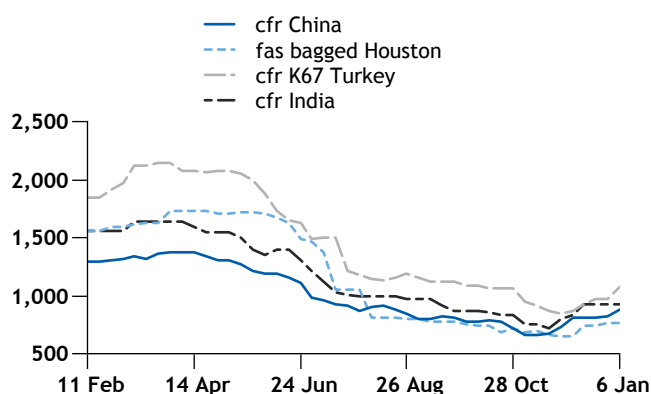
Global PVC contract prices

\$/t

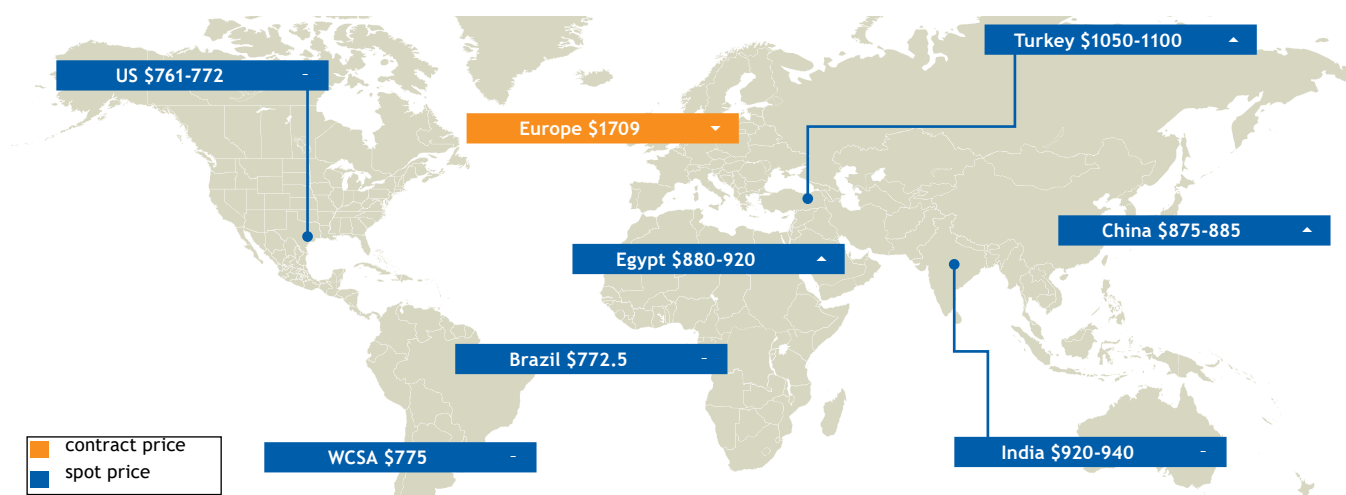


Global PVC spot prices

\$/t



GLOBAL SNAPSHOT



OIL FEEDSTOCKS

Crude oil

Ice Brent crude futures have stabilised just below \$80/bl, which is lower than before the holiday period. Demand concerns have continued to weigh on the market, but there is considerable supply uncertainty as the impact of the EU and G7 embargo on Russian supply into the global market is still uncertain.

Prices for US marker WTI were similarly broadly stable. US crude inventories rose but product inventories eased back.

Naphtha

Naphtha prices have strengthened slightly in early January. Low gasoline prices and export demand outside of Europe encouraged some buying activity, with the naphtha crack to North Sea Dated crude climbing to its strongest since May 2022. The average naphtha price for January so far is €30/t (\$32/t) higher than December's average, but it is too early to draw conclusions for the full month.

Asian naphtha prices were steady. Chinese naphtha imports rose to a four-year high in November, with increased imports from Russia and new crackers starting up. But demand across Asia is weak and driving some cracker operators towards extended shutdowns.

Ethylene

US spot EPC ethylene declined slightly on 5 January following heavy trading. January EPC ethylene was assessed at 19¢/lb following multiple trades, 0.125¢/lb below the previous day. February EPC ethylene was assessed on parity with January based on spread discussions.

The ethylene market in Europe is still quiet after the

Crude			\$/bl	
	Effective date	Price	Weekly ±	
Ice Brent	5 Jan	78.69	▼	-7.22
Nymex WTI	5 Jan	73.67	▼	-6.59
Naphtha			\$/t	
70 min paraffin USGC waterborne del	5 Jan	602.48	▼	-18.40
65 para NWE cif	6 Jan	618.00	▼	-5.25
Japan c+f	6 Jan	638.00	▼	-11.38
Ethylene			±	
Basis	Effective date	Price		
del USGC ¢/lb	Dec 4 Jan	32.50	▼	-1.50
del Europe €/t	Jan 29 Dec	1,175.00	▼	-95.00
cfr NE Asia \$/t	spot 4 Jan	860.00	▼	-10.00

Effective date is the date of last assessment. Change is compared with the previous assessment.

holiday season. The January monthly contract price (MCP) settled before the end of December with a €95/t decrease that was in line with the average decrease in feedstock naphtha. Spot prices have been adjusted lower, taking direction from the lower MCP but with a wide range reflecting the lack of activity.

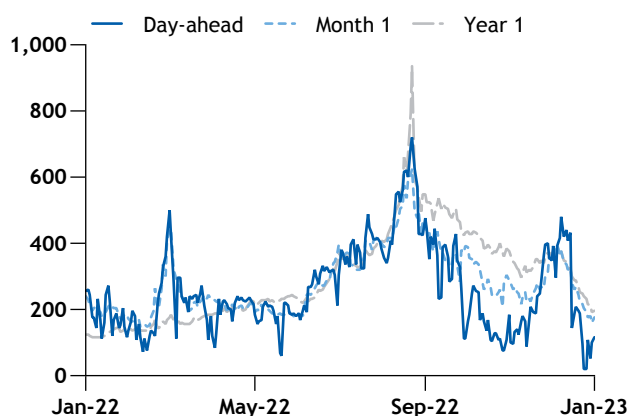
Asia-Pacific spot ethylene prices fell as demand remains weak while supply lengthened. There was some talk of Japanese ethylene spot availability for February arrival. Selling ideas were indicating at \$870-880/t cfr northeast Asia. Buyers were staying on the sidelines, showing limited buying interest from spot cargoes. Their notional buying ideas were capped at \$850/t cfr China. The overall sentiment has improved in China was market expectations that the Covid-19 peak has nearly passed.

GAS, ELECTRICITY AND COAL

■ European gas and electricity prices continued to fall in early January. Mild weather across much of Europe has eroded gas demand, as has lower industrial use. And crucially, with gas inventories relatively high at the start of the year, forward prices for the next month, quarter and year have fallen to their lowest since April 2022.

Europe electricity prices

€/MWh



China coal prices

\$/t



US gas prices

\$/mnBtu



CHLOR-ALKALI AND DERIVATIVES

Americas

Most of the US and parts of Canada experienced severe cold weather over the Christmas holiday. This resulted in a number of plants reducing rates in preparation for the freezing weather. The impact of the freeze varied by plant and location. Caustic soda prices appear to be stable in the spot market, although buyers are asking for price relief. HCl demand is at seasonal lows, although the cold weather and plant shutdowns reduced supply, tightening the market.

Europe

European caustic soda prices are under downward pressure in all markets because of weak demand, plentiful availability and manageable costs at the producer level. Producers in northwest Europe are discussing significant price decreases for first-quarter business, but a large proportion of business has yet to be finalised.

Caustic soda				
	Effective date	Price		±
fob USGC contract \$/dst	Dec 22	1,068.00	▼	-7.00
fd NWE contract €/dmt	Q4-2022	2,400.00	-	0.00
fob NE Asia export \$/dmt	Week 1	540.00	▼	-5.00
Ethylene dichloride (EDC)				
fob USGC export	Dec 22	190.00	▲	+65.00
cfr Asia import	Dec 22	255.00	▲	+10.00

Effective date is the date of last assessment. Change is compared with the previous assessment.

Asia-Pacific

Prevailing low prices have attracted buying support for caustic soda in Asia. But buyers were cautious and adopted a wait-and-see approach in response to increased export offers, with many producers trying to offload their remaining cargoes before the holidays. The domestic caustic soda market in China remained largely subdued prior to the extended lunar new year holidays.

PVC PRICING ANALYSIS

US

The US polyvinyl chloride (PVC) market remains on track to implement a 6¢/lb decrease for December contracts while producers in January have put an initial offer of a 6¢/lb increase for the month's contracts. However, with demand still weak there are questions among some downstream participants if such a large increase can be attained.

The export market was quiet this week as the new year began with little activity, leaving the export range at a nominal \$760/t-\$770/t. However, with Formosa Taiwan announcing fresh increases for its destinations and demand in places like India remaining strong, export prices from the US could rise further in the coming weeks.

A recent cold snap that swept through the US Gulf region had some disrupting effect to PVC production. Most producers took at least some steps to reduce operations during the weather event, with Formosa fully shutting down its plants at Baton Rouge, Louisiana and Point Comfort, Texas.

In the aftermath, the return to normal operations has been gradual in some cases but largely effective. Formosa successfully restarted its Baton Rouge site but had not full restarted Point Comfort.

Other producers have reported some sticking points in their production lines, but nothing that has disrupted services given the still sizable inventories and weak demand the domestic market has seen lately. The reduced production has had some effects on the export market however, where less material has been offered to begin the year.

The most recent data from the American Chemistry Council (ACC) made some minor adjustments to the preliminary November data. Sales for November 2022 remained at 1.22lbs, roughly 554,710t, while total production remained at 1.16bn lb, or 528,338t. The changes came in the distribution of sales between domestic activity and exports.

Domestic sales changed to 748.7mn lb, or roughly 339,597t, according to the ACC's Plastics Industry Producers' Statistics Group as compiled by Vault Consulting. Exports were adjusted to 474.3mn lb, or about 215,130t. These changes slightly shifted the proportion of total sales further in favor of exports, though export sales still accounted for 39pc of all sales for November after the adjustments.

Downstream usages for PVC showed significant weakness across the board according to the ACC data. In the year-to-year change for November 2022, flooring fell 21.8pc from the previous year. Film and sheet fell 23.4pc while siding and mobile home skirting fell 36.5pc. Rigid pipe and conduit, accounting for roughly half the total domestic sales in November 2021 and 2022, saw a 28.6pc decline year-to-year.

US polyvinyl chloride contracts				¢/lb
	Timing	Argus Δ	Contract marker	Low / High ±
PVC pipe del east of Rockies	Dec	-6.00	64.5	-6.0/-6.0

The Argus Δ (delta) is the assessed change in price from the previous month

US polyvinyl chloride spot exports				¢/lb
Product and basis		Price		±
PVC pipe fas/Houston bagged		35-35	-	0.0

Latin America polyvinyl chloride markets				\$/t
Product and basis		Price		±
PVC pipe cfr Brazil		772.5	-	0.00
PVC pipe cfr West Coast South America		775	-	0.00

Windows and doors also fell 26.6pc.

In the year-to-date category, only rigid pipe and conduit managed to see growth through November from 2021 to 2022, increasing volume sold by 1.3pc. Wire and cable fell 0.5pc while windows and doors fell 3.2pc. Film and sheet fell 7.3pc, while siding and mobile home skirting fell 13.6pc.

November showed some better signals within construction spending, but glaring weaknesses persisted in the housing market.

Private construction was at a seasonally adjusted annual rate of \$1,426.4bn, according to data from the US Census Bureau. That's 0.3pc above the October rate and 8.1pc above November 2021. This increase was driven by nonresidential spending, however, as the US housing market continues to suffer.

Private residential spending reached a rate of \$868bn in November, 0.5pc below October's revised rate of \$872.4bn but 5.3pc above the November 2021 rate of \$824bn.

New single-family housing spending was at a rate of \$394.9bn, a 2.9pc decrease from the October rate and a 10.2pc decrease from the November 2021 rate. New multi-family spending rose to a rate of \$110.2bn in November, up by 2.4pc from October and by 10.7pc from November 2021.

Public construction spending had some positive notes for PVC. Sewage and waste disposal spending grew by 0.3pc from October to November and by 18.5pc from November 2021. Spending on water supply maintenance fell by 2pc from October but remained 31.6pc above the November 2021 rate.

The upward, if gradual, trajectory of such public spending could provide the PVC market with a baseline of demand as private sector demand remains more uneven.

The export market has been largely quiet this week, leaving a nominal assessment of between \$760/t-\$770/t fas

PVC PRICING ANALYSIS

Houston as US producers determine what prices to offer for the coming months. Exporters toward the end of December had said prices had pushed into the mid and upper 700s but that supply was more limited.

One trader this week said a producer was offering volume at \$750/t a couple weeks ago and had sold out, leaving less material to offer now. The demand globally is quite strong at the moment, with producers in Asia and the US selling strong particularly to India at the moment.

The biggest indicator of where prices could go is Formosa Taiwan's latest round of offers. For February, CIF India was set to \$930/t, a \$90 increase. CFR China was set to \$885/t, a \$70 increase. FOB Taiwan was set to \$840/t, also a \$70 increase. Such increases will give room for US producers to raise prices again, even if offers remain minimal to start the new year.

Latin America

The Latin American market for polyvinyl chloride (PVC) remains weak as companies return from the holiday season.

Traders in the region have reported almost no cargo movements or orders for imported material due to the year-end break, as well as weak demand for the material in recent months.

In Brazil, the inauguration of the new government on 1 January has raised concerns about potential changes to import duties and anti-dumping duties on material from Mexico and the US, leading to the cancellation of some contracts for small volumes of PVC produced in the US.

In Argentina, local buyers are still struggling to obtain imported material due to the government's efforts to restrict import licenses and maintain US dollar reserves within the country.

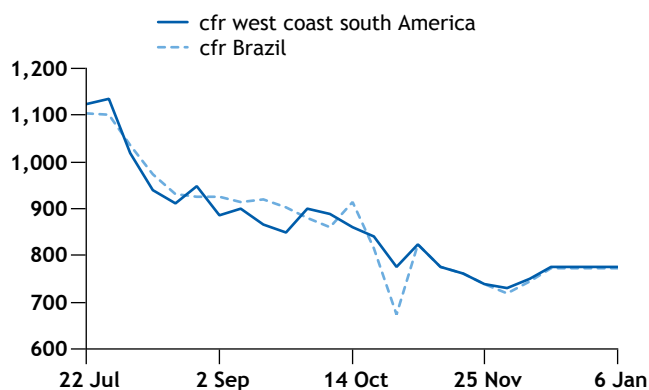
The Argentine Chamber of Chemical Products has expressed concern this week about the lack of approval for import licenses, resulting in local buyers having to obtain material from the only local producer at higher prices.

Demand for PVC on the west coast of South America (WCSA) remains weak, with no signs of improvement in the short term due to seasonality, and political and macroeconomic issues in the region.

On the supply side, a Mexican PVC producer has a limited number of cargoes available for Asian markets. According to a trader, the company is checking its inventory for opportunities to serve other markets, including those in South America. South Korean and Middle Eastern producers were also offering material in Latin America this week, but with no success.

Latin America S-PVC prices

\$/t



PVC PRICING ANALYSIS

Europe

The European polyvinyl chloride (PVC) market is undergoing limited change at the start of the new year, with ample domestic supply, lower volume offtake and competitively-priced import offers from other markets continuing to define the balance in January so far.

Domestic producers continue to run their plants at technical minimums, in the hope of managing high chlor-vinyl inventories, lower demand from customers and volatile energy costs. Chlorine operating rates were stable in November at 57.2pc, according to the latest monthly Eurochlor data, and these are expected to have been sustained throughout December. Producers managed to sustain such operating rates because they were able to benefit from simultaneously higher caustic soda returns. But with both domestic caustic prices and demand beginning to retreat, this benefit is starting to crumble and concerns continue to brew over PVC supply tightness and production shutdowns later in the year, should power prices climb again or local demand rise above supply. For now, there is no reason to suggest that this is the case as power prices eased in recent weeks, chlor-vinyl inventories remain high across the chain and buyers are choosing to delay their restocking efforts until later in the first quarter.

In northwest Europe, suspension PVC (s-PVC) remains in good supply as high inventories and low volume offtake continue to trump lower production rates. Paste PVC (e-PVC) remains in equally strong supply given the ongoing loss of export business to Russia, while steadier demand into automotive applications rather than construction is helping to alleviate producer inventories to some extent. January negotiations are taking a slow turn this week, with producers yet to communicate any official price intentions because of a public holiday in Europe. But given a fall in both energy and ethylene costs, a substantial price decrease would be largely supported across most accounts.

Buyers with larger restocking requirements will be wanting to achieve at least the implied ethylene cost of minus €47.50/t (\$50/t) in their January freely-negotiated contracts, while others will see no need to start restocking efforts so soon, given strong inventories and lower requirements from their customers. Buyers will be seeing the ample balance and more competitive imports as another opportunity to decrease contract prices further. Producers will instead focus on retaining production margins at their current levels, most likely pointing to large price re-adjustments made during 2023 supply contract re-negotiations, which more than accounted for the fact that Europe was the highest-priced

Europe polyvinyl chloride contracts					€/t
	Timing	Argus Δ	Contract marker	Low / High ±	
PVC pipe del NWE	Dec	-60	1610	-80/-50	
PVC pipe del southern Europe	Dec	-60	1645	-80/-50	
PVC pipe del central and eastern Europe	Dec	-60	1615	-80/-50	
PVC paste del NWE	Dec	-60	1725	-80/-50	

The Argus Δ (delta) is the assessed change in price from the previous month

Europe polyvinyl chloride import prices				€/t
Product and basis	Price			±
PVC pipe import price cif Europe	925	-		0.0

region for PVC for much of 2022.

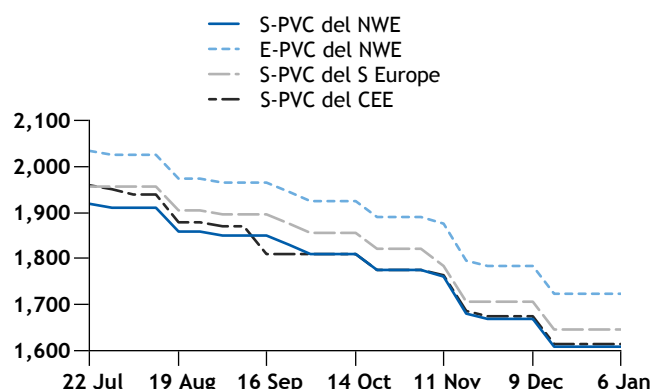
The markets are equally quiet in both southern and central eastern Europe, with public holidays across Europe slowing the progress of January contract negotiations. Fundamentals are similar here, with buyers and sellers looking to manage a combination of high inventories and lower offtake, with some restocking already noted among buyers in Romania, Lithuania, Hungary and Poland. In southern Europe, planned maintenance by one producer in Vila Seca, Spain is doing little to alter the balance, with works there expected to last until the end of January.

This week, we will be finalising the December s-PVC contract deltas for northwest, southern and central eastern Europe at minus €60/t, while the December e-PVC contract delta for northwest Europe will be adjusted and finalised at minus €70/t, in light of new input from the market.

The import market remains quiet this week, given a lack of distributors and traders. Despite the public holiday

Europe PVC contract prices

€/t



PVC PRICING ANALYSIS

slowing overall activity, European buyers remain reluctant to purchase further cargoes for February and March arrival because of their healthy stocks. Furthermore, colder weather in the US has impacted some US chlor-vinyls production, which has consequently increased export prices. This is causing further uncertainty over the competitiveness of US imports, especially given the large price re-sets in European 2023 supply contracts and the narrowing spread between European import and domestic prices. We will be assessing cif Europe import prices at €900-1,000/t this week.

Turkey

Polyvinyl chloride (PVC) import prices into Turkey increased this week on reduced supply and strong demand.

The upcoming Orthodox and Chinese new year holidays have slowed PVC production globally, which has pushed prices up in Turkey as already-low supplies of PVC were reduced further. Reduced supply from Europe during the Christmas and new year holiday period, combined with lower caustic soda prices has led to European suppliers offering less material to Turkey. Despite limited PVC availability, the upcoming Turkish national election in June and various construction projects in the lead up to this have increased the demand for PVC. The government has made more credit available for converters, fostering traders' financial liquidity and prompting them to make bigger purchases. Extreme weather conditions in the US did not cause severe disruption to the supply of US-origin material.

Northwest Europe-origin PVC K67 was assessed this week at \$1050-1,100/t cfr, up by \$100/t at both ends of the range from last week's assessment. Northwest Europe-origin PVC K70 offers emerged at \$1,070-1,150/t and US offers for K65 grade were made at \$920-950/t cfr. Offers from South Korea emerged at \$1,070-1,100/t cfr and Egyptian PVC was offered at \$950/t cfr. Mexico origin PVC K67 material was offered at \$1,040-1,050/t and Turkish producer Petkim offered its material at \$1,150-1,170/t (ex-Aliaga), plus value-added tax.

Egypt

Polyvinyl chloride (PVC) import prices into Egypt slightly increased this week on limited trading and the unavailability of letters of credit for new transactions.

The Egyptian market is still adjusting to the revised regulatory and financial environment, following the deal signed with the IMF on 27 October, 2022. The Egyptian pound(£) has since depreciated on a daily basis while suffering from a third devaluation wave in less than a year this week. Some major suppliers are still holding back

Turkey polyvinyl chloride markets			\$/t
Product and basis	Price		±
PVC k67 cfr Turkey western Europe origin	1050-1100	▲	+100.0

Egypt polyvinyl chloride markets			\$/t
Product and basis	Price		±
PVC pipe cfr Egypt	880-920	▲	+40.0

from offering material in Egypt due to the high trading and financial risks. The market remains subdued and procurements are on standby, with buyers unable to obtain letters of credit for new transactions. The term deposit rate on E£ is increased to %25 for 12 months as the government aims to suppress surging inflation and prices. The high risk factor in the country also fosters the prices up and creates a premium with adjacent markets like Turkey.

Offers for PVC to Egypt were assessed at \$880-920/t cfr, up by \$30/t on the low end and \$50/t on the high end of the range compared with last week's assessment.

PVC PRICING ANALYSIS

China

Import PVC prices surged with firmer offers, while domestic prices edged lower because of weakening demand this week.

Domestic spot trades diminished this week as some downstream converters have already shut plants for the lunar new year holiday. Operating rates at downstream converters fell sharply to 34-42pc, down by 5-7 percentage points from the previous week.

Domestic producers, especially carbide-based producers, offered discounts to domestic buyers to boost sales. Prices of carbide-based PVC were at 6,150-6,350 yuan/t ex-works, or an import parity equivalent \$723-747/t, down by Yn75/t from the previous week's assessment. Ethylene-based PVC prices stabilised at Yn6,300-6,700/t, unchanged from the previous week.

Taiwan's Formosa announced new offers for February-loading cargoes on 4 January. Prices were at \$885/t cif China, \$880/t cif southeast Asia, \$930/t cif India, \$70-90/t higher than the previous offer. "Sales went very well in India," the company said. Available volumes for this session are limited as the delivery period in February is short, and inventories are relatively low compared with typical levels, according to Formosa. Import prices were assessed at \$875-885/t cfr China, up by \$60/t from the previous assessment.

Export trades remained active as a result of strong buying interest from India. Chinese-origin carbide-based PVC transacted at \$830-840/t fob China, while ethylene-based PVC traded at \$850-860/t fob China, mainly destined for India. Freight rates from China to Vietnam and to India were at \$10-15/t and \$35-40/t, respectively. Carbide-based PVC was assessed at \$830-850/t fob China, unchanged from the previous assessment. Ethylene-based PVC was assessed at \$850-860/t fob China, up by \$10/t from the previous week's low end.

Average operating rates at Chinese PVC plants increased to 79pc, up by three percentage points from the previous week. Run rates at carbide-based plants were at 76pc, while ethylene-based plants operated at 83pc. Suzhou Huasu

Asia-Pacific polyvinyl chloride markets

Product and basis	Price		±
China (Yn/t)			
PVC pipe ex-works China (ethylene-based)	6,300-6,700	-	0.00
PVC pipe ex-works China (carbide-based)	6,150-6,350	▼	-75.00
China (\$/t)			
PVC pipe fob China (ethylene-based)	850-860	▲	+5.00
PVC pipe fob China (carbide-based)	830-850	-	0.00
PVC pipe ex-works China import parity	744-792	▲	+10.00
PVC pipe cfr China	875-885	▲	+60.00
India (\$/t)			
PVC pipe cfr India	920-940	-	0.00

extended its maintenance at the 130,000 t/yr unit to 7 January from the original restart date on 25 December 2022.

Taiwan's Formosa plans to conduct 7-10 days of maintenance at its PVC plants in late January, during the lunar new year holiday.

The feedstock ethylene dichloride (EDC) market remained quiet this week in the absence of spot trades. Discussions were steady at \$250-260/t cfr northeast Asia this week. Cfr Asia prices were assessed unchanged at \$250-260/t. Chinese domestic EDC prices were at Yn2,200-2,300/t ex-tank, down by Yn125/t from last week in light of weakening domestic demand and abundant spot cargoes.

Feedstock vinyl chloride monomer (VCM) prices inched higher, because of strong demand from the PVC sector. The latest deal for Japan-origin VCM was done at \$660/t cfr Asia. Spot VCM prices were assessed at \$650-670/t cfr Asia, \$10/t higher from the previous week's session. Domestic prices in east China stabilised at Yn5,500-5,550/t ex-tank.

India

Indian PVC pipe-grade prices were stable at \$920-940/t cfr India as spot offers stayed limited. A major Taiwanese producer offered cargoes at \$930/t cif India. Deals were concluded for these cargoes. The producer was able to sell out the 22,000t it allocated for the Indian market on the first day. A South Korean producer offered cargoes at \$950/t cif. Another Taiwanese producer offered cargoes at \$960/t cif.

PVC plant maintenance, outages and disruptions

Status	Plant	Location	Grade	Capacity '000t/yr	Nature of shutdown	Duration
UPDATE	Formosa	US	Various	-	Adverse Weather	Extended
	Xinjiang Shengxiong	China	Carbide-based	550	Reduced rates	70% of full capacity from 18 Nov
	Hengyang Jiantao	China	Carbide-based	220	Low margins	18 Oct till now
	Shandong Dongyue	China	Carbide-based	120	Low margins	29 Oct till now
UPDATE	Taizhou Liancheng	China	Ethylene-based	600	Maintenance	60-70% of full cap. from 20 Dec
UPDATE	Suzhou Huasu	China	Ethylene-based	130	Maintenance	10 Dec - 7 Jan
	Karpatnaftochim	Ukraine	Suspension	300	Temporary closure	State of emergency in Ukraine
	Fortischem	Slovakia	Various	-	Reduced rates	High electricity prices
	Inovyn	Various	Various	-	Force Majeure	FM declared across Europe
	Ercros	Spain	Suspension	195	Maintenance	1 of 4 PVC reactors, in Jan

PVC PRICING ANALYSIS

But buyers were resisting cargoes at these levels. Ethylene-based PVC pipe-grade cargoes from China were offered at \$910-930/t cfr.

The agricultural sector continued to keep demand firm in India. Market participants expect demand to stay firm through the first quarter as agricultural activity is likely to intensify. Price levels are currently healthy, making PVC accessible to most buyers. But given tight supplies regionally, participants are concerned that prices will rise yet again as demand has outstripped supply in recent weeks. Buyers are eager to stock up on inventories on the expected rise in prices. This was observed in domestic markets and from buyers paying premiums on cargoes from local trading firms over domestic producers for prompt deliveries. Pipe-makers in India are seeing an increase in buying interest for pipes used in irrigation.

Participants were initially hopeful for an increase in supply, with the US returning to export markets. US producers offered PVC cargoes to India in the third quarter of last year. Indian buyers purchased these cargoes ahead of the end of the monsoon in November as they anticipated an increase in demand for piping used in agriculture. But the trend has since changed. US producers are currently targeting prices of around \$950/t cfr India. But Indian buyers have shown limited interest in these cargoes as they are able to procure cargoes with shorter delivery times in the region at the same price. US producers are not willing to give large discounts on their cargoes as they are able to obtain higher netbacks elsewhere, according to market participants. Some Indian participants indicated that they would only purchase US cargoes if they were priced below \$900/t.

Imports of Chinese carbide-based PVC remain subdued as investigations by Indian authorities continue. Some participants expect a verdict to be announced on 20 January although no formal indication has been given by authorities. Offers from Chinese producers were below \$900/t, but interest has been limited. Interest in Chinese cargoes has since shifted to ethylene-based PVC.

Restrictions on letters of credit (LCs) continue to limit import purchases for Pakistan buyers. Banks have verbally informed customers of their intention to reduce LC quotas because of worsening trade balances and tight US dollar availability. Buyers have not been able to purchase large volumes to hedge against a potential rally in polymer prices. Participants were initially expecting regular openings of LCs for imports of polymers to drop by around 50pc. But with new indications from banks, this is now expected to fall by around 75pc. Sellers to Pakistan have exercised caution and

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now require buyers to furnish LCs with confirmation. Some trading firms and distributors have stopped sales to Pakistan altogether and diverted these initially planned allocations to other regions. Trading firms that continue to focus on Pakistan are mainly firms with excess supplies that are looking to destock aggressively.



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