

# THE SOLVENTS REPORT

November 15, 2010

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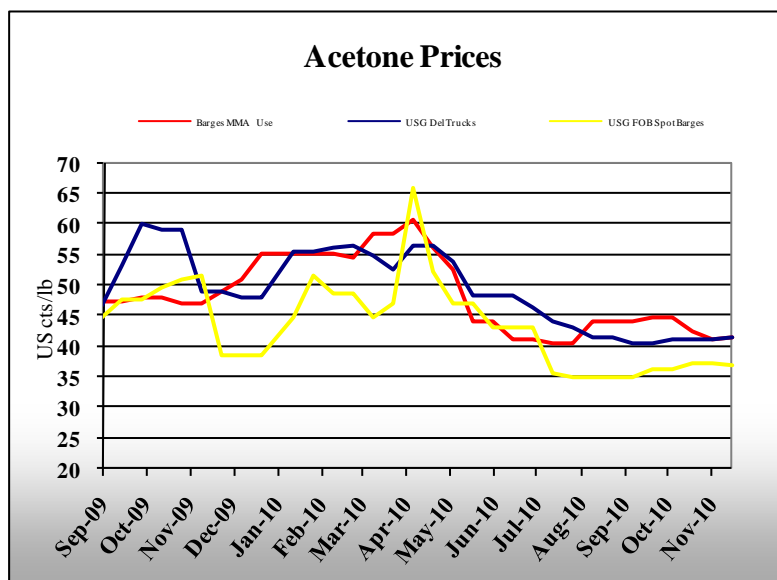
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- *Phenol/Acetone* – Increased exports to Asia resulted in less saturated domestic markets, but activity remains light.
- *IPA* – Competitive IPA prices remained mostly stable amid ongoing tepid demand and adequate supply.
- *Ketones* – Elevated feedstock costs impeded MEK import opportunities and domestic prices remained inflated.
- *Aromatics* – Aromatic markets remains strong and prices continue to adjust higher.
- *Aliphatics* – Stable crude and related values supported another round of aliphatic increase for later this month.

## Acetone

### Market Summary

Although domestic acetone activity remained thin, increased exports to Asia led to more balanced market conditions. Many producers took advantage of improved acetone demand in Asia after several downstream plants restarted following maintenance outages and coupled acetone shipments with phenol exports. Most producers appeared optimistic that arbitrage opportunities to the Far East would continue into 2011 and focused their attention on moving volume overseas rather than on enticing apathetic buyers in the US with more aggressive prices. Distribution acetone markets remained notably thin with ongoing sluggish demand and adequate supply. Prices to many resellers stabilized in October near 40 or 41 cts/lb net delivered after 5 cts/lb nominations made by most suppliers halted offers from sliding lower (although failed to move values higher). Some observers suggested that aggressive offers could erode a few pennies in mid to late December if sellers in some states discount prices in order to move volume before inventory taxes are levied.



Domestic markets in China appeared to thin somewhat, but prices remain well supported and in some parts of the country offers moved marginally higher according to observers. In the East prices ex-Ningbo were assessed near CNY 7,500/mt while in the Northern provinces prices

remained nearer CNY 7,300/mt. In the South prices were similar near or just below CNY 7,400/mt.

### Contract

While some sources claimed that the October acetone related MMA contract price settled nearly 2 cts/lb lower, confirmation of a settlement remained elusive. The September contract settled at a rollover or a slight decrease from August at 42.50 cts/lb. Last week a few observers reported that an October settlement between a buyer and a seller was reached at 40 cts/lb. Others noted October contracts settled at a rollover from September at 42.50 cts/lb. In Europe the November large buyer contract settled Euro 12/mt higher at just over Euro 763/mt.

### Derivative

Domestic methyl methacrylate activity appeared steady and market conditions appeared balanced with healthy demand and adequate supply. Easing feedstock costs pushed November prices lower and will likely result in a dip in Q4 contract values. Midsized buyers reported prices slid one or two pennies to between 85 and 92 cts/lb FOB USG. In Asia, MMA supply improved after several scheduled maintenance outages were completed. In Japan Mitsubishi Rayon is running its 107,000 Otake plant at full capacity after completing its 46-day in late October. It also completed its nine-day turnaround at one of its 55,000 mt/yr units on November 5<sup>th</sup> and will begin a similar nine-day outage at another 55,000 mt/yr unit on December 1<sup>st</sup>. Asahi Kasei is scheduled to complete its 44-day turnaround at its 100,000 mt/yr Kawasaki, Japan plant on November 11<sup>th</sup>. In China the MMA plant in Jilin is running at 70 to 80% after its outage. The MMA plant in Huizhou, China will begin a maintenance outage in December. In Thailand Siam-Cement Group is expected to complete its 90,000 mt/yr expansion at the Mab Ta Phut facility by the end of the year.

### Feedstock

Demand for **natural gas** for heating led spot prices and the near future contract value higher last week. Spot price gains ranged between 25 cts and \$1.12/MMBtu. The Henry Hub spot prices jumped 41 cts/MMBtu to around \$3.76/MMBtu. The NYMEX futures contract for December delivery settled at \$4.21/MMBtu last Wednesday, up 10% from the previous week. Following an implied net injection of 19 Bcf, natural gas inventories reached a record higher of 3,840 Bcf. Observers

#### Gas Stocks as of November 12, 2010

Total for lower 48 States	3,840
Change from prior week	19
Compared with last year	1%
Compared with 5 year average	9%

#### Gas Prices

	Price	Change	Pct change from year ago
Henry Hub Spot	\$3.52	-20	30.68%
NYMEX Nov10	\$3.80	-13	-15.53%
NYMEX 12 Month Strip	\$7.57	-12	17.83%
Aeco Spot	\$3.46	-23	30.06%
Dawn	\$4.37	-32	-66.67%

reported stocks remained around 10% above the five-year average. **Refinery grade propylene** prices remained relatively flat in the mid 40 cts/lb range. The start up of Petrologistics plant last month had little effect on November polymer and chemical contract prices, which settled around a penny lower near 59 cts/lb and 57.50 cts/lb respectively.

### *Acetone and Phenol Production*

Sabco began a maintenance outage at its Mount Vernon, Indiana plant in September and sources report it will run at capacity by mid November. Georgia Gulf completed its scheduled turnaround at its Plaquemine, Louisiana plant in October.

### *Large Volume Activity*

Acetone export markets picked up again in late October after slowing in the previous month or two. Several traders reported that most producers exported product in tandem with phenol. In early October 5,000 mt of acetone shipped from the US to China. Sources report between 4,000 and 6,000 mt of acetone will ship to Asia during the second half of this month. Most observers assessed spot prices near 35 to 37 cts/lb FOB USG. However, one marketer sought volume for export at 35 cts/lb FOB USG, but noted suppliers appeared uninterested at that price. Import markets, conversely, slowed considerably at the beginning of the third quarter.

### *US Terminal Markets*

October nominations made by most sellers fizzled out due to tepid market conditions. Ineos, Sasol, Shell, Sunoco and most regional marketers announced 5 cts/lb October 1<sup>st</sup> price hikes. However, before month's end many of the sellers had scaled back their 5 cts/lb nominations to a more modest 2 cts/lb hike. Several observers reported new mainstream prices shifted to around 43 cts/lb net delivered. Many other marketers, however, claimed that more competitive distribution prices appeared mostly flat near 41 cts/lb on the same basis.

Resellers in the **USG** noted acetone prices holding mostly steady during the first half of November. Mainstream price to resellers leveled out in October according to several observers. Most distributors reported competitive offers from some regional suppliers remained stable near 41 cts/lb net delivered USG, although a few resellers claimed more aggressive offers near 40 or 40.50 cts/lb continued to linger on a limited basis. Other observers noted offers from local sellers moved up one or two pennies to around 42.50 or 43 cts/lb delivered. One distributor confirmed purchasing volume at 41.50 cts/lb FOB USG and quoting it to an end user at 45 cts/lb on the same basis.

Similarly, in the **Midwest** competitive distribution offers appeared mostly flat after stabilizing in early October. Most resellers assessed railcar offers from local sellers near 42 cts/lb delivered USMW, although others noted prices from a producer around a penny higher on the same basis. Several regional marketers quoted offers near 43 cts/lb FOB USMW. More competitive offers appeared limited to suppliers with older inventories. One seller confirmed offering volume at 41 and 41.50 cts/lb delivered. Another local seller reported that while it quoted most customers 43.50 cts/lb delivered, it matched more competitive offers near 42 cts/lb. A couple of resellers claimed more aggressive offers continued to linger near 39.50 FOB, but volume appeared very limited at that level.

Competitive acetone offers in the **Northeast** also remained relatively flat during the first two weeks of November after increasing one or two pennies in October. Most local marketers reported offers near 41 or 42 cts/lb FOB USNE. A distributor corroborated values by noting it purchased a railcar last week at 41 cts/lb and that it was offered volume from a large supplier at

41.50 cts/lb FOB. One local reseller, however, confirmed distribution offers remained as low as 40 cts/lb on the same basis.

Similarly, distribution offers in the **Southeast** stabilized in early October after eroding several pennies in prior months and appeared largely unchanged last week. Distribution offers were quoted by many marketers near 42.50 or 43.25 cts/lb delivered USSE. One large seller corroborated by noting its price at 48 cts/lb delivered less discount. More competitive offers, however, continued to linger near 41 or 41.50 cts/lb delivered according to a few resellers. One distributor reported purchasing volume from a large marketer at 41 cts/lb delivered earlier in the month. Another reseller reported that its supplier increased its price in October from 39 cts/lb to 41.50 cts/lb delivered.

### *Canadian Terminal Activity*

Although Canadian acetone activity appeared light, most distribution prices remained largely unchanged during the first half of November. Most distributors reported that competitive offers continued to hold steady from October values near US 42 cts/lb net delivered E. Canada. Several resellers confirmed offers from most regional marketers near US 42 or US 42.50 cts/lb delivered. Most distributors reported offers from produces seemed stable near US 43 or US 43.50 net delivered.

## **Phenol**

### *Market Summary*

Domestic phenol markets appeared balanced and activity seemed healthy after overseas demand picked up again last month. Several observers reported export activity improved and sources noted 6,000 mt of phenol will ship from Mobile, Alabama to China during the second half of November. A jump in the feedstock contract costs led phenol prices to adjust higher. Sources assessed offers to midsized buyers up around 4 cts/lb to 55 or 55.50 cts/lb FOB USG.

Chinese domestic markets eased in some parts of the country as demand remains somewhat thin, although sellers remain reluctant to discount much due to ongoing cost pressures. In the North prices ex-Yanshan were quoted near CNY 14,750/mt while in the East offered are noted nearer CNY 14,650/mt. In the Southern provinces prices ex-Guangdong are reported as high as CNY 14,800/mt.

### *Feedstock*

Benzene prices eased in November after firming throughout most of October. Lofty US prices attracted foreign sellers and an expected influx of product from Asia led prices to soften. Traders report that over 120,000 mt of benzene was fixed for the US for November and December. Sources reported that the November benzene contract settled at \$3.42/gal, up 34.50 cts/gal from October. Spot volume traded earlier in the month at \$3.26/gal DDP USG

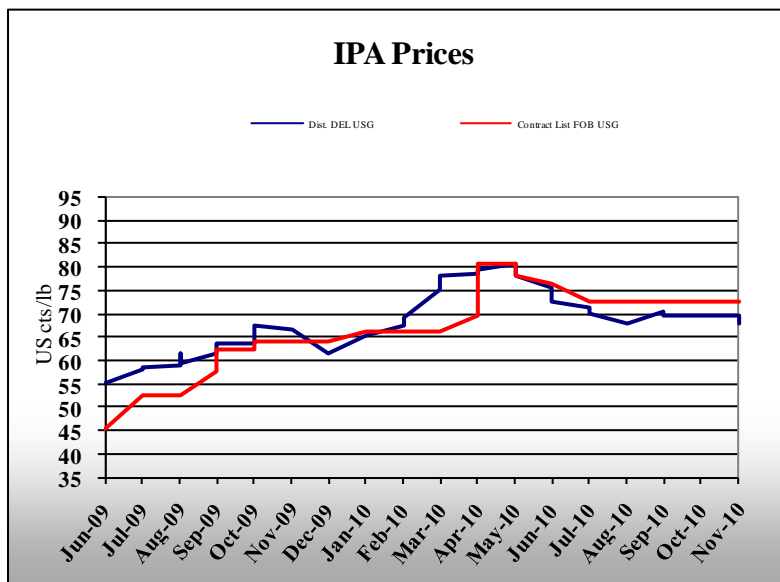
## IPA

### Market Summary

IPA market activity remained subdued throughout the country leading competitive prices to consolidate in a narrower range. Ongoing tepid demand and healthy supply augmented by imports mitigated the effects of recent nominations. Dow, Eastman, and Sasol moved their prices up 3 cts/lb on October 1<sup>st</sup>; however most observers reported that they continued to sell at competitive levels that did not reflect the increases. September 1<sup>st</sup> hikes of 3 cts/lb made by Dow, Eastman, Exxon, and Sasol also seemed unsuccessful due to a similar lack of enforcement by some or all of the suppliers.

Although conditions are expected to slow further, Eastman announced a 5 cts/lb off-list IPA hike effective December 1<sup>st</sup>. Most marketers reported that imported prices continue to set the floor in many regions. Last week mainstream distribution prices remained assessed by marketers in the mid 60 cts/lb FOB region. In Asia, LG chemical restarted its Yeosu plant on October 27<sup>th</sup> after completing a maintenance outage. On November 12<sup>th</sup> JX Nippon Oil restarted its IPA plant in Japan after technical issues interrupted production earlier in the month. Sources report it is operating at 70 to 80% capacity. Deepak Fertilizers will begin a scheduled turnaround at its facility in India later this month.

Most IPA offers in the **USG** appeared to consolidate at the lower range of previously reported prices. Several distributors assessed mainstream offers around 65 or 66 cts/lb FOB USG. One marketer confirmed that price by noting distribution offers around 67 cts/lb delivered USG last week. Offers for imported volume were quoted near 64 cts/lb and lower FOB. At the beginning of October some producers initially increased their prices to distributors to around 71 or 72 cts/lb net delivered, but before month's end most sellers were quoting product near 68 or 69 cts/lb delivered. IPA offers in the **Midwest** also remained largely unchanged last week according to local sources. Competitive prices to resellers were widely quoted around 65 or 66 cts/lb FOB USMW. Earlier in the month one distributor reported it purchased volume at 65 cts/lb FOB Chicago and sold it to an end user at 68 cts/lb on the same basis. Some observers noted that most large sellers quoted offers near 68 or 69 cts/lb net delivered USMW, down two or three pennies from prices in early October. According to one seller 99% recycled IPA prices remained unchanged near 60 cts/lb FOB USMW. Competitively priced imports in the **Northeast** led most sellers to adjust their offers into the mid 60 cts/lb FOB range. Several marketers assessed most prices to resellers near 64 or 65 FOB USNE and noted that while many large sellers continued to quote prices between 68 and 70 cts/lb FOB many matched more competitive offers. Sources reported one influential seller matched offers near 65 or 66 cts/lb FOB despite initial offers

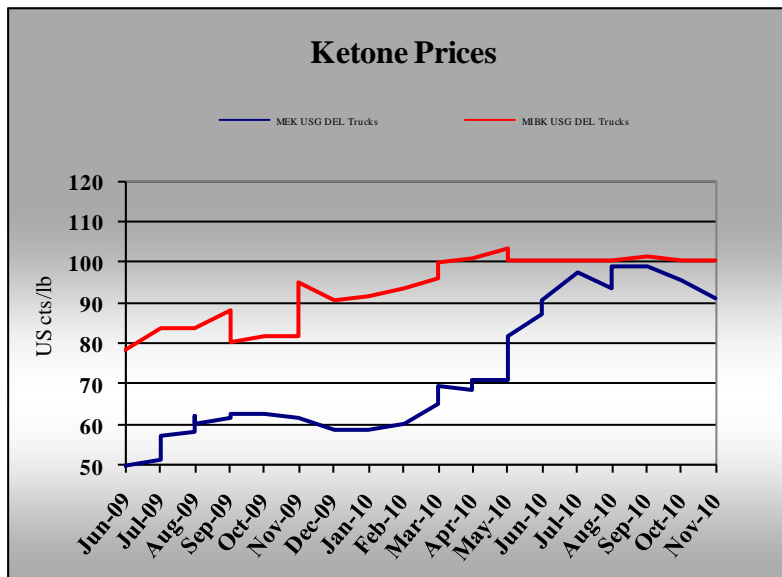


closer to 68 cts/lb. Sources in the **Southeast** also reported that most distribution IPA prices appeared relatively unchanged amid ongoing lethargic conditions. One reseller reported most offers remained unchanged near or just over 67 cts/lb net delivered USSE. Another distributor confirmed offers from a regional marketer at 68 cts/lb and from a national seller near 70 cts/lb on the same basis. In **Canada** offers in the upper range of previously reported prices moderated a few pennies into the upper US 60 cts/lb FOB range while more competitive offers appeared mostly flat near US 66 cts/lb. Sources last week assessed mainstream offers near US 66 or US 66.50 cts/lb FOB E. Canada, with a few observers claiming prices from some producers remained closer to US 68 or US 69 cts/lb FOB.

## Ketones

### Market Summary

**MEK** activity remained quiet last week and prices were mostly unchanged. Although supply constrains appeared alleviated and demand remained thin, distribution offers continued to hover in the low 90 cts/lb FOB range. Sources reported that import opportunities remained scant due to elevated feedstock costs and that most producers appeared unwilling to facilitate the correction of prices without pressure from brokers. Most observers report prices will likely ease in December or early 2011.



**MIBK** markets remained subdued with little activity reported last week. Prices in general appeared steady, although some observers expect offers could moderate a few pennies before year's end. September 1<sup>st</sup> hikes made by Celanese, Dow, and Eastman of 3 cts/lb appeared mostly ineffective, although instances of increases holding were reported. Most distributors, however, reported competitive offers remained stable in the mid 90 cts/lb FOB range.

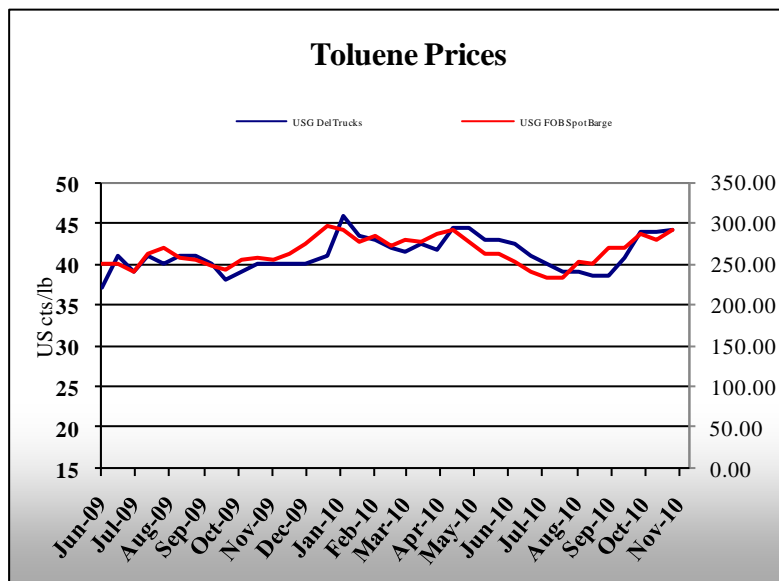
Ketone offers in the **USG** appeared relatively stable during the second first half of November despite ongoing thin demand. Most distribution MEK prices were assessed in the low 90 cts/lb range FOB USG. One reseller confirmed MEK offers from a large seller near 92 cts/lb FOB last week and around 90.50 cts/lb from a local supplier. A few sources claimed more aggressive offers slid into the upper 80 cts/lb range, but others discounted those rumors. Local marketers quoted MIBK prices nominally around 93 cts/lb or higher, noting that that it was difficult to accurately determine low values due to the slow conditions. In the **Midwest** most ketone prices to distributors also seemed largely unchanged last week. In September and October competitive MEK offers slid a few pennies to between 91 and 93 cts/lb FOB USMW. One distributor confirmed it was offered MEK in the low 90 cts/lb FOB range and that it quoted its end users

between 94 and 97 cts/lb FOB. MIBK offers also appeared relatively flat and were assessed around 95 to 97 cts/lb FOB. Distribution MEK and MIBK offers in the **Northeast** also remained largely unchanged during the first half of November, although some resellers reported the MEK price range consolidated to a narrower range. Most local distributors reported mainstream MEK offers near 91 or 92 cts/lb FOB USNE. One reseller reported it purchased MEK in late October in the low 90 cts/lb FOB range and then offered it to a customer at 96 cts/lb FOB. Another distributor claimed more aggressive MEK offers slid to around 89 cts/lb; however availability at that level seemed scarce and no other seller appeared willing to match prices in that range. MIBK prices were reported as flat by some observers near 95 cts/lb or higher. Similarly, ketone activity in the **Southeast** appeared subdued and prices remained mostly stable according to sources. The majority of MEK distribution offers were assessed around 92 or 93 cts/lb delivered USSE. One reseller noted encountering more competitive offers a penny lower near 91 cts/lb while another reported its supplier held its price at 94 cts/lb delivered. MIBK prices were notionally assessed in the upper 90 cts/lb range delivered by some observers. Ketone prices in **Canada** also remained relatively flat despite ongoing quiet market conditions. Several resellers noted mainstream MEK offers around US 91 or US 92 cts/lb FOB E. Canada. One larger distributor assessed MEK prices closer to US 90 cts/lb or just under. Competitive MIBK prices also appeared stable with most distributors reporting offers near US 97 cts/lb FOB.

## Aromatic Solvents

### Market Summary

Aromatic market activity remained healthy and prices last week appeared relatively stable ahead of nominations scheduled to take effect this week. Stable crude values and climbing gasoline prices led several refiners to announce aromatic hikes for November. Crude prices hovered near \$85/bbl while gasoline values jumped to \$2.20/gal. Strong barge toluene and, to a greater extent, MX markets led marketers with spot exposure to nominate increases for those products. Toluene



markets remained balanced with healthy demand and adequate supply. Elevated cotton prices led to heightened demand for polyester. As a result, MX prices in Asia surged with increased demand for purified terephthalic acid, and arbitrage opportunities opened up between the US and Asia. In addition to increased exports to Asia, domestic MX consumption also picked up recently. Sources report that while BP's reformer issues has been resolved it continues to purchase MX barges in order to meet contractual obligations while it rebuilds its inventory. Most observers report MX supply remains balanced to snug while demand appears healthy.

Exxon's turnaround at its Baytown, Texas refinery led it to enforce sales control measures on ARO 100 and ARO 150, but overall supply for both products appeared adequate while demand seemed steady.

### **Production**

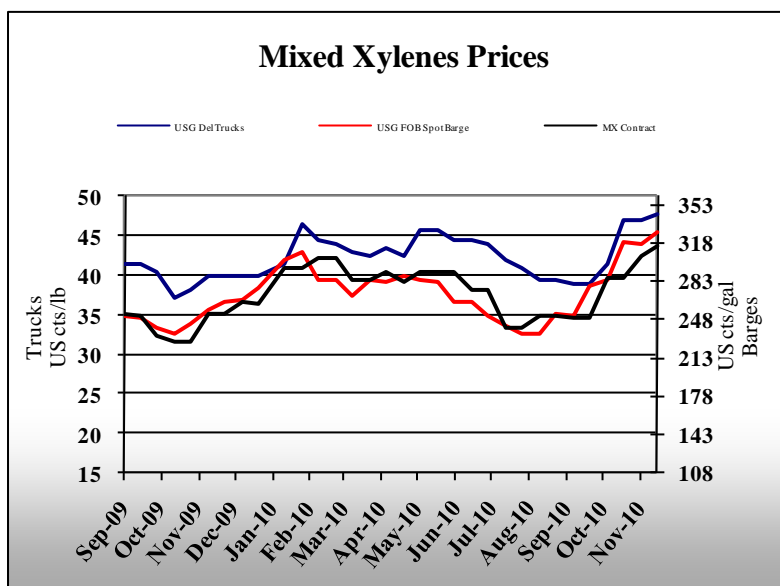
Exxon began turnaround at its Baytown, Texas refinery and continues to enforce sales control measures on ARO 100 and ARO 150. Sources reported that BP resolved its reformer issues.

### **Toluene barge prices**

Toluene spot barge prices firmed last week amid increased activity. Last Monday observers reported three trades done at \$2.89, \$2.90, and \$2.91/gal FOB USG. On Tuesday two more trades were done at \$2.89/gal FOB Houston and \$2.93/gal FOB Corpus Christi. On Wednesday talks ranged between \$2.90 and \$2.95/gal before easing a few pennies by week's end to between \$2.88 and \$2.93/gal. In Europe large volume toluene markets also appeared active with trades just under \$950/mt. Similarly, in Asia toluene values climbed to around \$930/gal FOB Korea last week.

### **Mixed Xylenes (MX) barge prices**

Large volume MX spot activity also appeared robust last week. Earlier in the week volume traded at \$3.25/gal FOB USG. By week's end November talks were assessed between \$3.25/gal and \$3.35/gal while December bids were noted at \$3.25/gal and offers near \$3.38/gal FOB. Many traders continue to take advantage of arbitrage opportunities to Asia. According to sources around 10,000 mt of styrene and MX shipped from the USG to Taiwan during the second half of October. In the previous month 5,600 mt lifted on September 20<sup>th</sup> from Baton Rouge to Europe. The November MX contract settled up 29 cts/gal at \$3.15/gal. Last week in Asia MX prices climbed to 1,096/mt FOB Korea.



### **US Terminal Activity**

Distribution offers increased in September and October and are set to move higher this week. On September 1<sup>st</sup> Exxon moved its toluene, MX, and ARO 100 prices up 3 cts/lb. On October 21<sup>st</sup> it increased its toluene, MX, ARO 100, and ARO 150 offers an additional 3 cts/lb higher. Shell also moved its ARO 100 price up 3 cts/lb on September 1<sup>st</sup> and it nominated 3 cts/lb ARO 100 and ARO 150 hikes for November 24<sup>th</sup>. Citgo adjusted its toluene and MX prices up 2 cts/lb on October 1<sup>st</sup> and nominated November 24<sup>th</sup> hikes of 3 cts/lb for both of those products.

Sunoco increased its toluene and MX prices by 5 cts/lb on October 20<sup>th</sup>. Total consolidated its MX, ARO 100, and ARO 150 prices around 3 cts/lb higher on November 1<sup>st</sup>. Ashland nominated 3 cts/lb toluene and MX hikes effective November 24<sup>th</sup>. Recent price initiatives appeared successful and scheduled nominations will likely move mainstream prices even higher.

In addition to nominations made and enforced by large sellers, many regional marketers in the **USG** also moved their prices higher in September and October and nominated hikes for November. Conchemco increased its toluene and MX prices by 3 cts/lb on September 15<sup>th</sup> and then again on November 15<sup>th</sup>. It also confirmed making additional upward adjustments to customers in the weeks following its September 15<sup>th</sup> hike. Tauber moved its toluene prices up 2 cts/lb on September 15<sup>th</sup>, 2 cts/lb on October 15<sup>th</sup>, and a penny on October 20<sup>th</sup>. Tauber increased its MX prices by 2 cts/lb on September 15<sup>th</sup>, 2 cts/lb on October 15<sup>th</sup>, and 3 cts/lb on October 20<sup>th</sup>. It announced a subsequent 2 cts/lb MX hike effective November 22<sup>nd</sup>. Many other regional sellers also adjusted their offers higher during the past few months. Last week most observers assessed mainstream toluene offers around 41 cts/lb or 42 cts/lb and MX prices near 46 cts/lb FOB USG. Most observers report competitive toluene and MX offers will likely adjust higher this week to around 42 to 44 cts/lb for the former and near 48 FOB for the latter. One supplier confirmed its toluene and MX offers would increase to 44 cts/lb and 48 cts/lb FOB. Another marketer quoted its toluene and MX prices at 43 cts/lb and 48 cts/lb FOB respectively. Still other sellers reported they would likely move their toluene and MX offers to around 44 cts/lb and 49 cts/lb FOB respectively. Competitive ARO 100 and ARO 150 offers also adjusted higher earlier in the month or will move higher this week with scheduled nominations to around 50 or 51 cts/lb for the former and around 54 cts/lb for the latter FOB.

Similarly, in the **Midwest** most aromatic prices adjusted upwards in October and appeared mostly stable in the intervening weeks. In October Citgo increased its toluene and MX prices at the beginning of the month by 2 cts/lb while Sunoco adjusted its offers up 5 cts/lb in the middle of the month. Last week most observers reported most toluene and MX offers remained flat near 45 or 46 cts/lb for the former and near 46 or 47 cts/lb for the latter FOB USMW. Some observers report toluene and MX offers from one influential supplier will increase this week to around 48 cts/lb and 49 cts/lb FOB Illinois while offers from another will remain flat near 45 cts/lb and 46 cts/lb FOB respectively. One local marketer confirmed its toluene and MX offers last week near 45 cts/lb and 49 cts/lb FOB respectively. Another seller quoted its toluene price at 46 cts/lb and noted its MX offers at 49 FOB. Sources reported that competitive ARO 100 and ARO 150 offers appeared mostly stable near 48 cts/lb and 51 cts/lb FOB respectively, although a few observers reported prices from some sellers increased to around 50 cts/lb for the former and 54 cts/lb for the latter FOB.

**Northeastern** aromatic markets also remained strong and prices continue to firm following recent nominations. Competitive toluene offers at the beginning of November were assessed by several resellers near 45 or 46 cts/lb FOB USNE. Some distributors noted toluene offers from some regional suppliers closer to 47 cts/lb. Sources report that this week after some sellers increases take effect toluene offers from one influential seller could move to around 48 cts/lb FOB. Mainstream MX distribution offers entered November near 46 or 47 cts/lb, but sources report by the end of the month prices will have moved closer to 49 or 50 cts/lb FOB. A few distributors claimed more competitive toluene and MX offers lingered on a limited basis near 44 cts/lb and 45 cts/lb and attributed it to less established sellers with older inventory. Competitive ARO 100 and 150 prices appeared more stable near 49 or 50 cts/lb for the former and around 52

or 53 cts/lb for the latter FOB. Some sources, however, noted ARO 100 and ARO 150 offers closer to 52 cts/lb and 55 cts/lb FOB respectively.

Recent price hikes also led most aromatic offers in the **Southeast** higher noted several regional market observers. Most distributors reported mainstream toluene offers firmed to around 43 or 44 cts/lb in October while competitive MX prices adjusted to between 46 and 48 cts/lb delivered USSE. Last week most resellers reported toluene prices would likely firm an additional penny or two to around 45 cts/lb delivered. Most observers expect MX offers to climb to around 49 or 50 cts/lb before week's end. One reseller confirmed toluene and MX offers near 44 cts/lb and 48 cts/lb from several regional sellers last week, but noted that one supplier quoted prices at 46 cts/lb and 50 cts/lb for the latter half of the month. One marketer offered toluene and MX last week at 44 cts/lb and 45 cts/lb delivered, but reported it will increase its prices to 46 cts/lb and 49 cts/lb this week. Most observers reported competitive ARO 100 and ARO 150 offers increased at the beginning of the month. Several observers assessed ARO 100 distribution prices between 50 and 54 cts/lb delivered and ARO 150 offers near 54 to 56 cts/lb delivered.

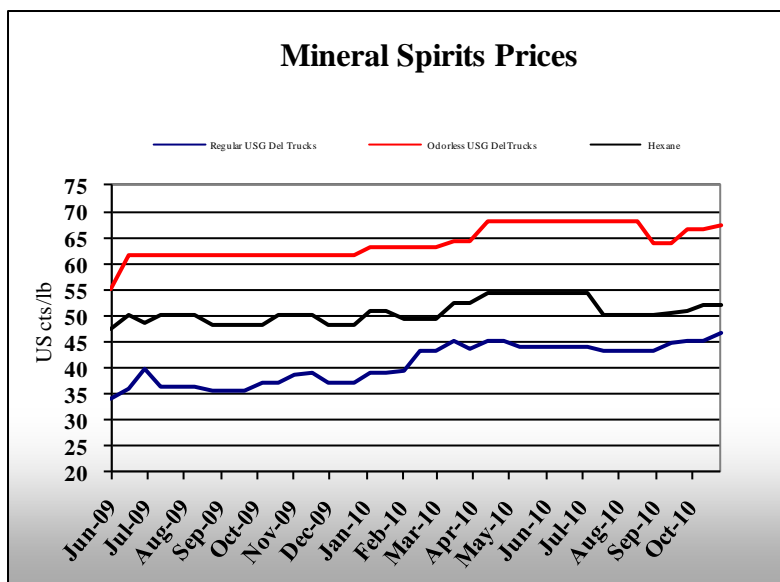
### *Canadian Terminal Activity*

Canadian aromatic prices also firmed amid strengthening market conditions and elevated energy values. Recent price initiatives pushed mainstream toluene and MX offers to around US 44 or US 45 cts/lb for the former and near US 45 or US 46 cts/lb for the latter FOB E. Canada. Many distributors report toluene and MX prices will likely adjust higher this week to around US 47 cts/lb and US 49 cts/lb FOB respectively. Competitive ARO 100 and ARO 150 offers also moved higher in recent weeks. Mainstream ARO 100 and ARO 150 prices to resellers were assessed near US 49 or US 50 cts/lb for the former and between US 52 and US 55 cts/lb FOB for the latter.

## Aliphatic Solvents

### *Market Summary*

Market observers report that the previously announced price increases gained widespread acceptance given surging energy costs. As of Friday there were no new nominations with regard to November increases with one or two major players yet to announce anything for this month. Crude and heating oil prices remain strong with the former near \$85/bbl while the latter climbed to nearly \$2.40/gal. Although margins indicate increases are necessary, market



conditions could undermine a portion or all of the scheduled hikes. Demand into coatings markets are slowing while interest from smaller buyers remains sluggish. Supply for most products remains adequate.

### ***Production***

No production issues were reported.

### ***US Terminal Activity***

Most sellers pushed through increases in September and October and many will attempt a similar feat later this week. On September 1<sup>st</sup> Exxon and Shell increased their respective aliphatic prices up 3 cts/lb. Calumet moved its aliphatic offers up 3 cts/lb on September 4<sup>th</sup>. On October 21<sup>st</sup> Calumet, Exxon, and Citgo adjusted their prices up 3 cts/lb. On November 23<sup>rd</sup> Calumet will move its aliphatic solvent prices up an additional 3 cts/lb. Ashland, Citgo, and Shell will increase their respective aliphatic offers up 3 cts/lb the following day, November 24<sup>th</sup>.

Aliphatic offers in the **USG** appeared mostly stable ahead of scheduled November nominations while spot regular mineral spirits prices continued to move higher along with clean product values. Low-end regular mineral spirits offers continued to originate with regional suppliers. One marketer confirmed its regular mineral spirits price climbed to around \$2.55/gal FOB USG while another local seller quoted its offers in the low \$2.60/gal range. A few observers reported lower quality regular mineral spirits offers continued to linger in the upper \$2.40/gal range on a limited basis. Regular mineral spirits offers from larger refiners and national distributors appeared stable near \$2.85/gal and higher delivered USG, but offers from many prominent sellers are slated to increase later this week. One distributor noted regular mineral spirits offers from a large refiner will increase from around \$3.15 to \$3.20/gal delivered. Another large supplier will adjust its price 20 cts/gal higher to \$3.05/gal later this week. OMS offers will also adjust from around \$4.40 to \$4.60/gal delivered. Competitive hexane and heptane offers were assessed near 50 cts/lb and 48 cts/lb FOB, but will likely move to around 52 or 53 cts/lb and near 51 cts/lb before month's end.

Similarly, in the **Midwest** aliphatic prices will also adjust higher this week while regular mineral spirits offers linked to formulas already increased. Regular mineral spirit offers from local suppliers firmed from around \$2.60 to between \$2.70 and \$2.80/gal FOB USMW while prices from more nationally influential sellers appeared stable near \$2.85 to \$3.05/gal delivered USMW ahead of scheduled hikes. One distributor reported its supplier will increase its price from \$2.95/gal to \$3.15/gal delivered on November 24<sup>th</sup>. Mainstream OMS offers will also increase with some sellers quoting values for late November and December near \$4.50 to \$4.60/gal delivered. Hexane and heptane prices are also set to move higher later this month. Last week observers reported competitive hexane and heptane remained mostly stable near 47 to 50 cts/lb for the former and between 42 and 48 cts/lb for the latter FOB.

Most aliphatic prices in **Northeast** also will move higher in the coming weeks with scheduled nominations and despite tepid market activity. Most resellers reported competitive regular mineral spirits offers from regional marketers moved higher with firming clean product values. Some distributors assessed regular mineral spirits offers last week near \$2.70 to \$2.80/gal FOB USNE. One marketer noted its price at \$2.75/gal FOB. Many distributors noted regular mineral

spirits offers from large refiners near \$2.85 to \$3.05/gal delivered USNE. One reseller noted its supplier's regular mineral spirits price in late November will increase to \$3.20/gal delivered. Most OMS, hexane, and heptane offers also will adjust higher with scheduled nominations. Most observers assessed OMS prices heading into December near \$4.50 to \$4.60/gal delivered. Competitive hexane and heptane offers will also move higher to around 53 cts/lb for the former and 51 cts/lb for the latter FOB.

**Southeastern** aliphatic markets also remained subdued; however stronger crude prices provided impetus for most sellers to announce late November hikes. Competitive regular mineral spirits offers from regional suppliers firmed throughout the first half of the month with climbing clean product values to around \$2.75 or \$2.80/gal delivered USSE. Regular mineral spirits offers from large refiners appeared stable last week near \$2.85 to \$3/gal, but most distributors report prices will increase in the next week or two to around \$3.05 to \$3.20/gal delivered. A few marketers quoted OMS distribution offers at \$4.45/gal delivered USSE last week, but noted prices would likely increase to around \$4.60/gal later this month. Most hexane and heptane offers will also adjust higher, but last week one distributor noted competitive hexane and heptane prices near 49 cts/lb and 47 cts/lb delivered.

### ***Canadian Terminal Activity***

Aliphatics offers in Canada are also moving higher as producers attempt to recoup costs as energy and clean product prices rise. Regular mineral spirits offers from smaller refiners increased to around US 44 cts/lb while prices from more prominent suppliers appeared stable near US 48 cts/lb delivered E. Canada ahead of scheduled nominations. After hikes take affect regular mineral spirits prices will firm to around US 50 or US 51 cts/lb delivered. OMS, hexane, and heptane prices also appeared relatively flat ahead of upcoming nominations. One distributor noted OMS prices around US 63 cts/lb and assessed hexane and heptane prices around US 48 cts/lb and US 46 cts/lb FOB.

## NOTICES

- Please direct all comments and/or questions about this report to Ashley Rock at [ARock@chemicalintelligence.com](mailto:ARock@chemicalintelligence.com) or George West at [gswest@chemicalintelligence.com](mailto:gswest@chemicalintelligence.com)

## Solvent Prices

\*Prices in italics subject to change pending final settlement

## North American Terminals

	DEL USG cts/lb		DEL USMW cts/lb		DEL USNE cts/lb		DEL USSE cts/lb		DEL E. CAN CAN cts/kg		DEL W. CAN CAN cts/kg	
<i>Oxygenated</i>												
IPA	66.00 - 70.00	-2%	67.00 - 71.00	-2%	66.00 - 70.00	-4%	67.00 - 71.00	-3%	150 - 160	-1%	155 - 165	-1%
Acetone	39.50 - 43.00	1%	40.50 - 44.00	1%	42.00 - 44.00	1%	41.00 - 44.00	1%	91 - 101	1%	96 - 106	1%
MEK	88.00 - 94.00	0%	89.00 - 94.00	0%	89.00 - 94.00	0%	89.00 - 95.00	0%	199 - 209	0%	204 - 214	0%
MIBK	96.00 - 105.00	0%	97.00 - 105.00	0%	97.00 - 105.00	0%	97.00 - 105.00	0%	217 - 227	0%	222 - 232	0%
<i>Aromatic</i>												
Toluene	43.00 - 45.50	1%	45.00 - 50.00	3%	45.00 - 50.00	3%	45.50 - 50.50	3%	101 - 111	0%	106 - 116	0%
Xylenes	46.00 - 49.50	2%	46.00 - 51.00	3%	46.00 - 51.00	3%	46.50 - 51.50	3%	103 - 113	0%	108 - 118	0%
ARO 100	50.50 - 54.00	1%	50.00 - 54.00	0%	50.00 - 54.00	0%	50.00 - 55.00	0%	112 - 122	0%	117 - 127	0%
ARO 150	52.00 - 56.00	3%	52.00 - 57.00	0%	52.00 - 57.00	0%	52.00 - 58.00	0%	117 - 127	0%	122 - 132	0%
<i>Aliphatic*</i>												
Mineral Spirits HI	42.00 - 51.00	3%	42.00 - 51.00	3%	42.50 - 51.00	3%	42.50 - 51.00	3%	94 - 104	0%	99 - 93	0%
Mineral Spirits OMS	65.00 - 70.00	2%	65.00 - 70.00	2%	65.00 - 70.00	2%	65.00 - 70.00	2%	146 - 156	0%	151 - 161	0%
Hexane	50.00 - 54.00	6%	50.00 - 54.00	4%	50.00 - 54.00	4%	50.00 - 55.00	4%	112 - 122	4%	117 - 127	4%

## Large Volume Spot

	FOB USG Barge		FOB USG Export (\$/MT)	
Toluene (cts/gal)	290 - 295	4%	870 - 880	4%
Xylenes (cts/gal)	324 - 335	4%	978 - 988	3%
Acetone (cts/lb)	36 - 38	-1%	773 - 783	-1%

## US Net Contract

	(cts/lb)		
	Nov	Oct	Sep
IPA	70.00 - 75.00	72.50	72.50
Phenol	69.00 - 73.00	71.00	71.00
Acetone <sup>^</sup>	40.00 - 42.50	42.50	44.50
MEK	89.00 - 92.00	90.50	90.50
MIBK	95.00 - 110.00	102.50	102.50
MX (cts/gal)	315.00 - 315.00	286.00	250.00

## Freight

USG to NWE	\$45/mt
NWE to USG	\$36/mt
Terminal upcharge to USMW	4 cts/lb

AVG is the average of high and low at end of month

<sup>^</sup> Barge contracts to MMA accounts

\* HI = "regular" with aromatic content above 8%, OMS = aromatics below 0.01%

Prices in italics subject to change

### Solvents Units Planned & Unplanned Outages

Company	Product	Location	Cap. (mt/yr)	Dates	Details
AGE	Regular mineral spirits	San Antonio, TX		May 5	Explosion at loading rack
Idemitsu Kosan	MEK	Tokuyama, Japan	40,000	Sep-	60 day planned t/r
Tonen Chemical	MEK	Kawasaki, Japan	90,000	2H Aug	40 day planned t/r
Marazen	MEK	Ichihara, Japan	170,000	May	Planned t/r
Sumitomo Chemical	MMA	Singapore	80,000	Apr 14-Apr 18	4 day t/r
Mitsubishi Gas Chem.	MMA	Niigata, Japan	51,000	Apr 14- May 12	4 week t/r
Lucite Singapore	MMA	Jurong Island, Singapore	120,000	Apr 12-Apr 19	Catalyst change
LG-MMA	MMA	Yeosu, S. Korea	76,000	Apr 12-Apr 19	Week t/r
Dow	MIBK	Institute, W.Va		Apr 10-	Planned t/r
Mitsubishi Rayon	MMA	Ohtake, Hirishima	55,000	Apr 9-	17 day t/r
Mitsubishi Rayon	MMA	Huizhou, China	90,000	2H Mar-Apr 20	40 day t/r
Dow	Phenol	Oyster Creek, TX	250,000	2H Mar	Broken heat exchanger
AGE	Regular mineral spirits	San Antonio, TX		Jan 12- 1H Apr	Chapter 11 Bankruptcy
SABIC	Phenol/Acetone	Mount Vernon, IN		10/27/09-Jan 10	Explosion at phenol unit

<b>Current Exchange Rates</b>		
<i>Currency</i>	<i>USD/1 unit</i>	<i>1 unit/USD</i>
Canadian Dollar	\$0.99	\$1.01
Chinese Yuan Renminbi	\$0.15	\$6.65
Euro	\$1.37	\$0.73
British Pound	\$1.61	\$0.62
Japanese Yen	\$0.01	\$82.57
Mexican Peso	\$0.08	\$12.36

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