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Commodity Insights

Asia Polyolefins: Navigating China's capacity additions and emerging demand center

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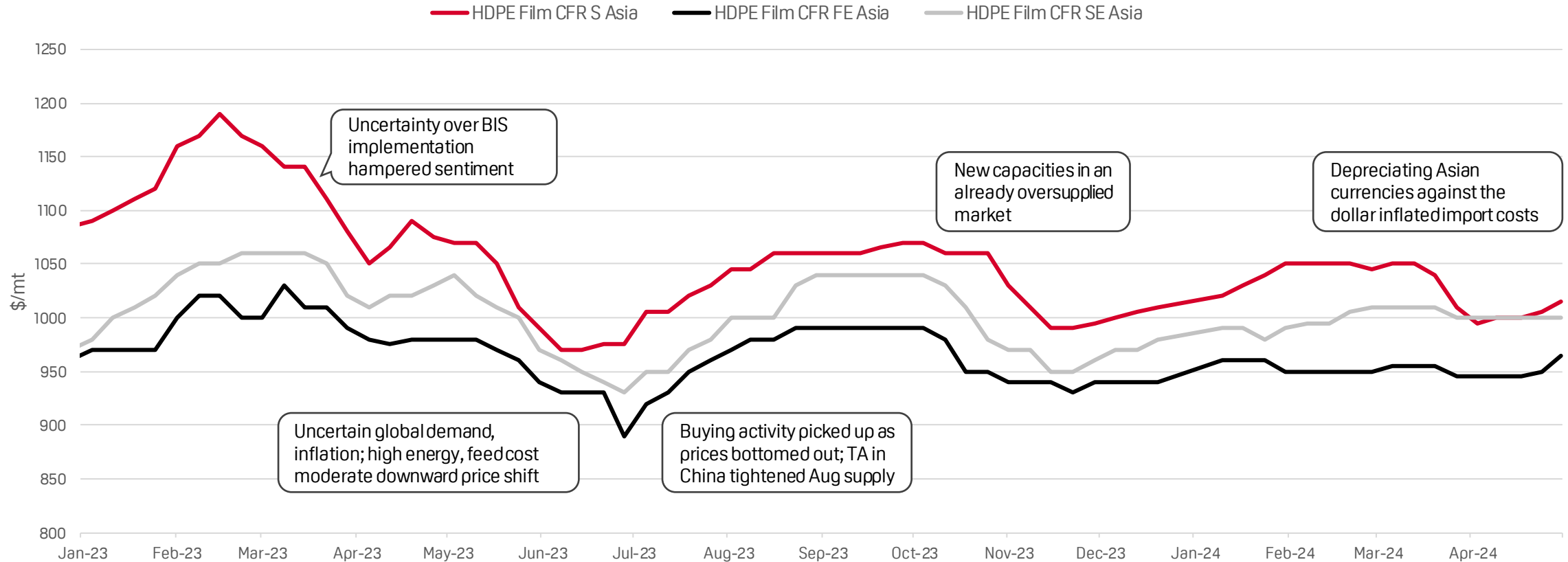
Polyolefins spot pricing: Pressure under limited fundamental, economic upside

Feedstock olefins: Weak derivatives demand offset crackers' rate cut

Localized polyolefins production to drive shifts in global trade flows

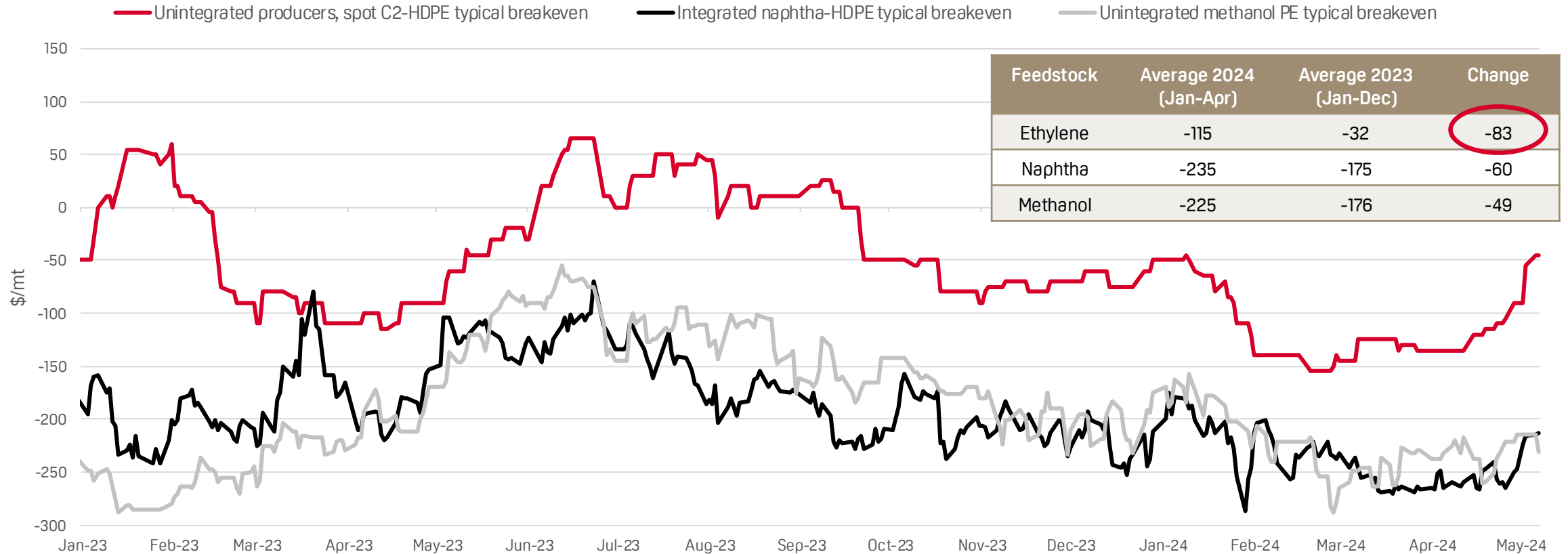
Legislations and policies' impact on polyolefins supply-demand, flows

Asian PE hovered in a tight range on feedstock and freight cost pressure, influx of new capacities and lack of consumer confidence



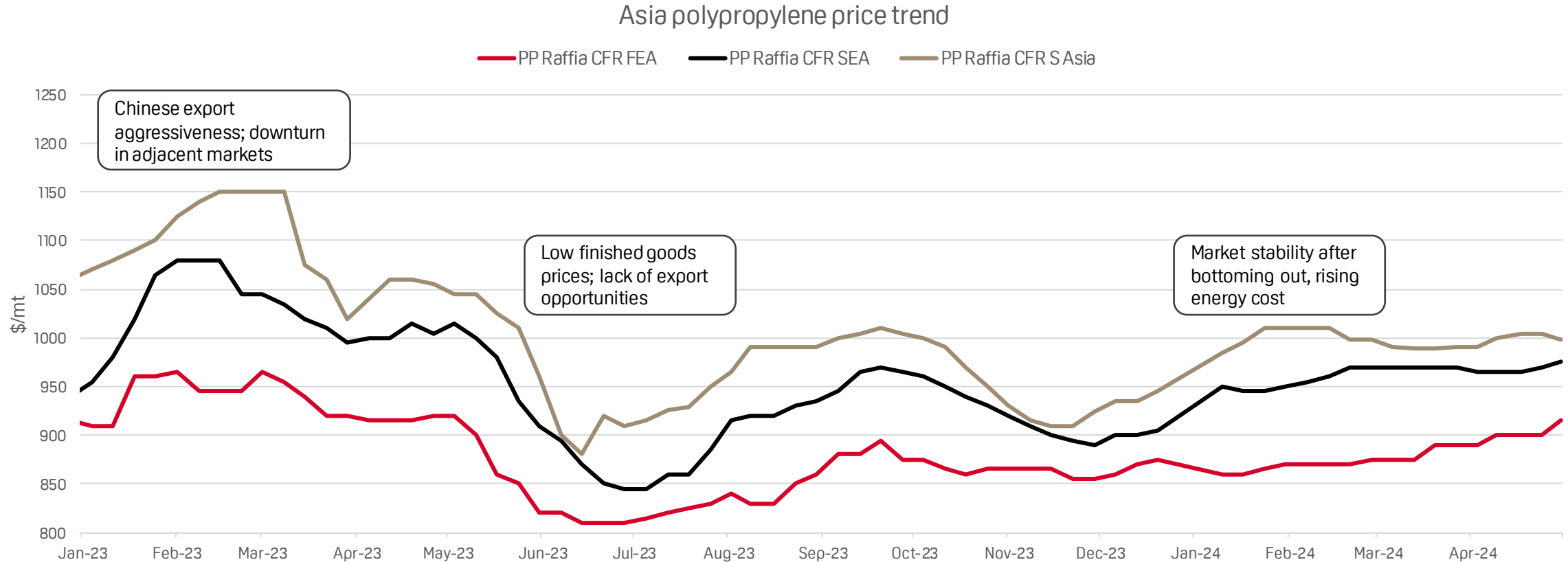
Source: S&P Global Commodity Insights

Asia PE typical breakeven: In the reds on limited demand recovery amid economic uncertainty, supply glut caused by capacity expansions



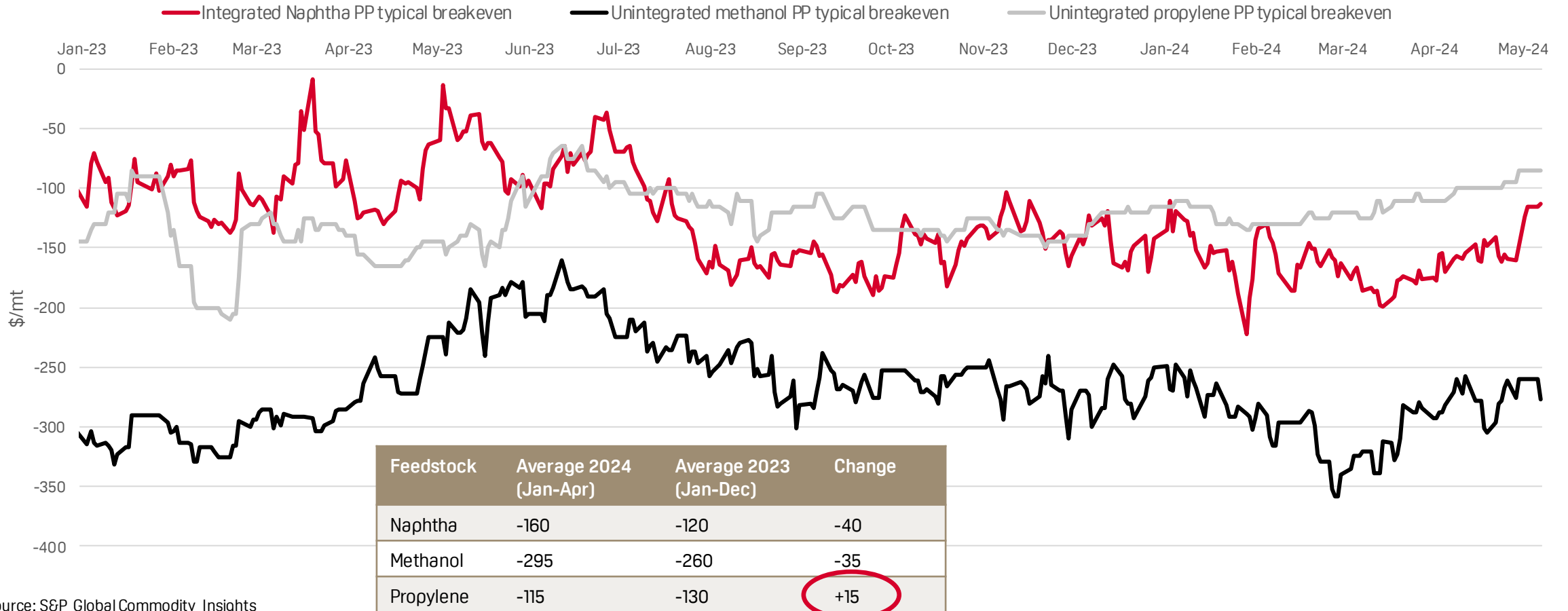
Source: S&P Global Commodity Insights

PP prices stable after bottoming out amid upsides limited while regional export prospects dim across Asia as price spreads narrow



Source: S&P Global Commodity Insights

Asia PP typical breakeven: Prolonged deep negative territory in anticipation of supply rationalization



Source: S&P Global Commodity Insights



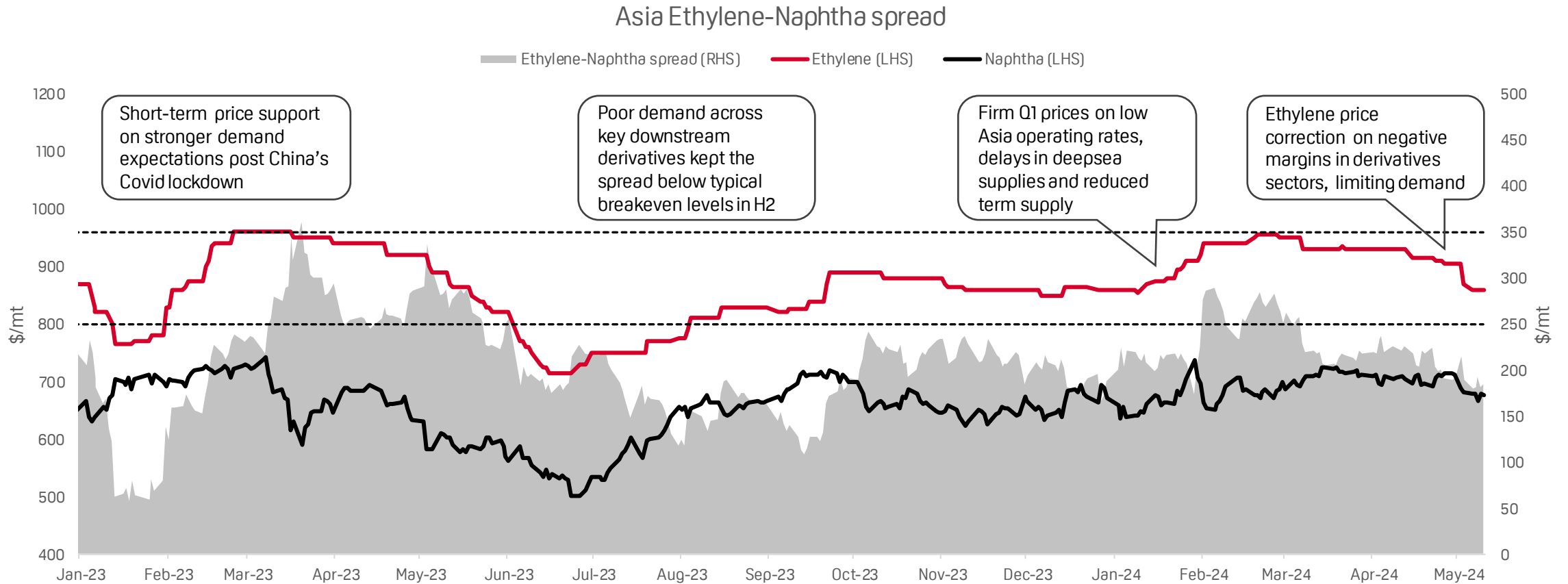
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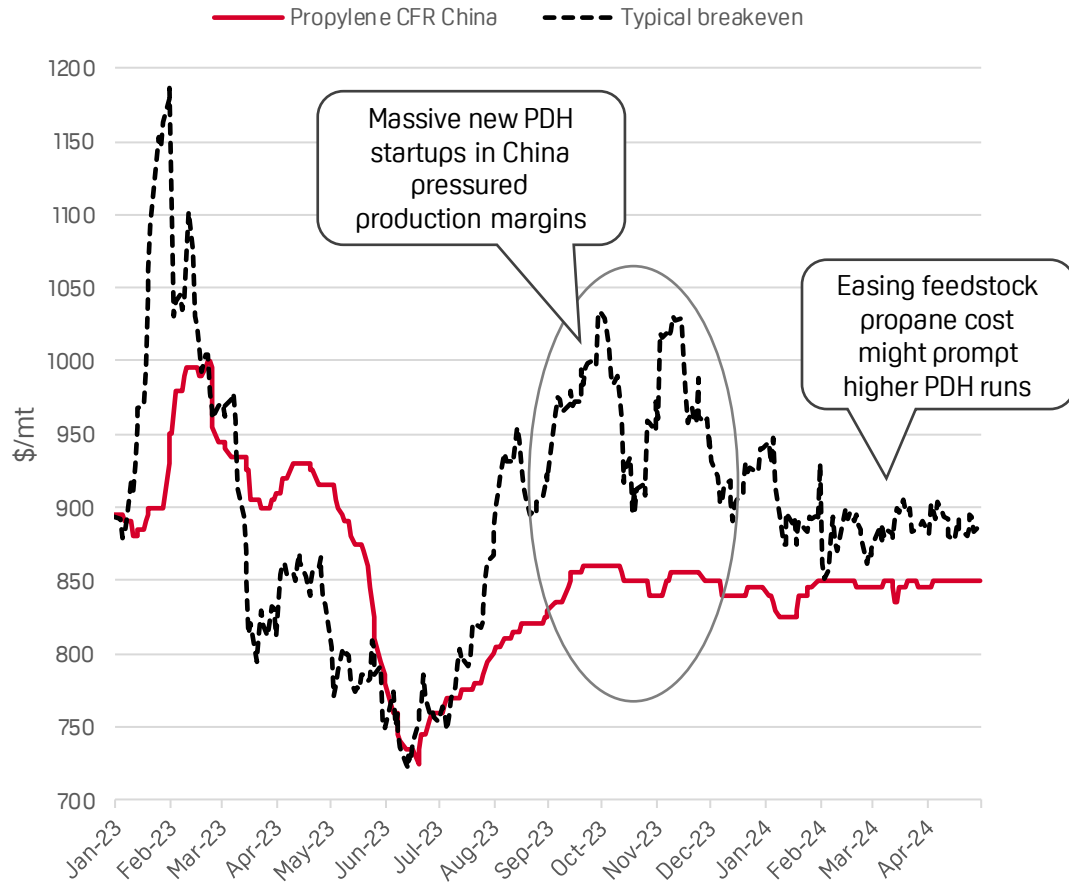
Ethylene production spreads squeezed on weak demand



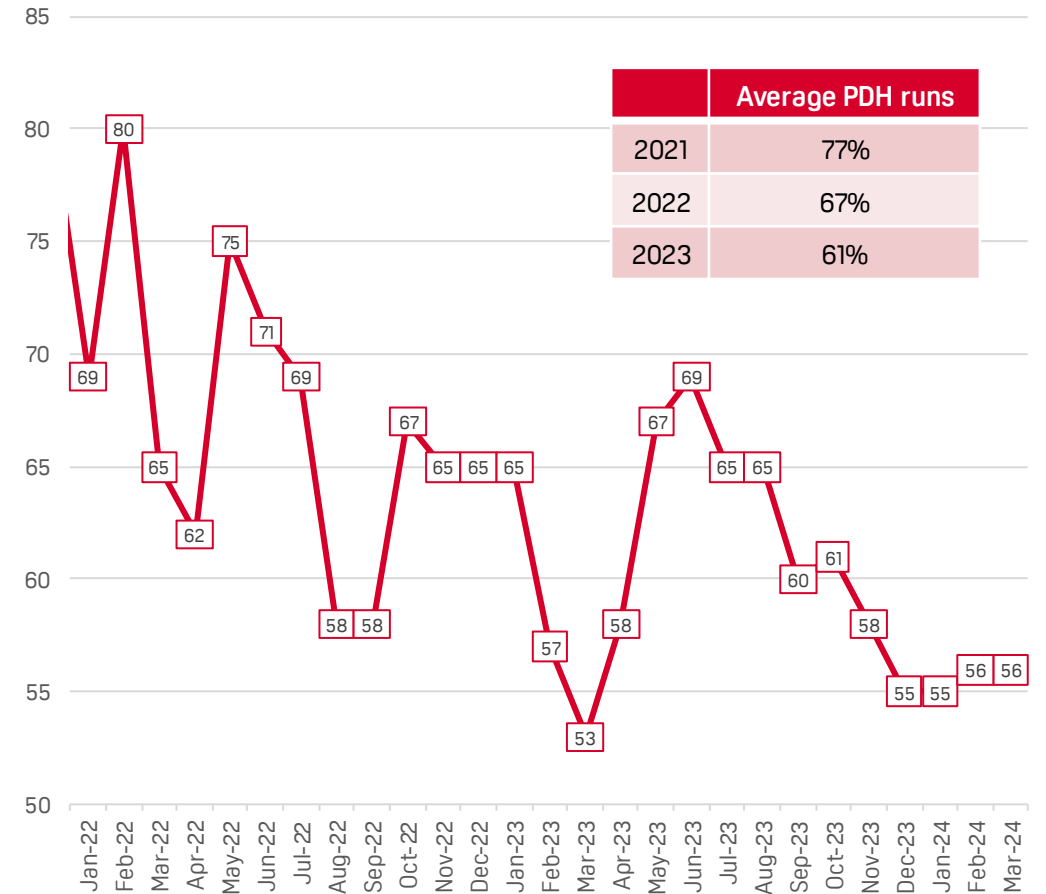
Source: S&P Global Commodity Insights

China PDH runs to adjust with feedstock propane cost amid weak PP demand

C3 struggles below PDH typical breakeven



Chinese PDH plant operations (%)





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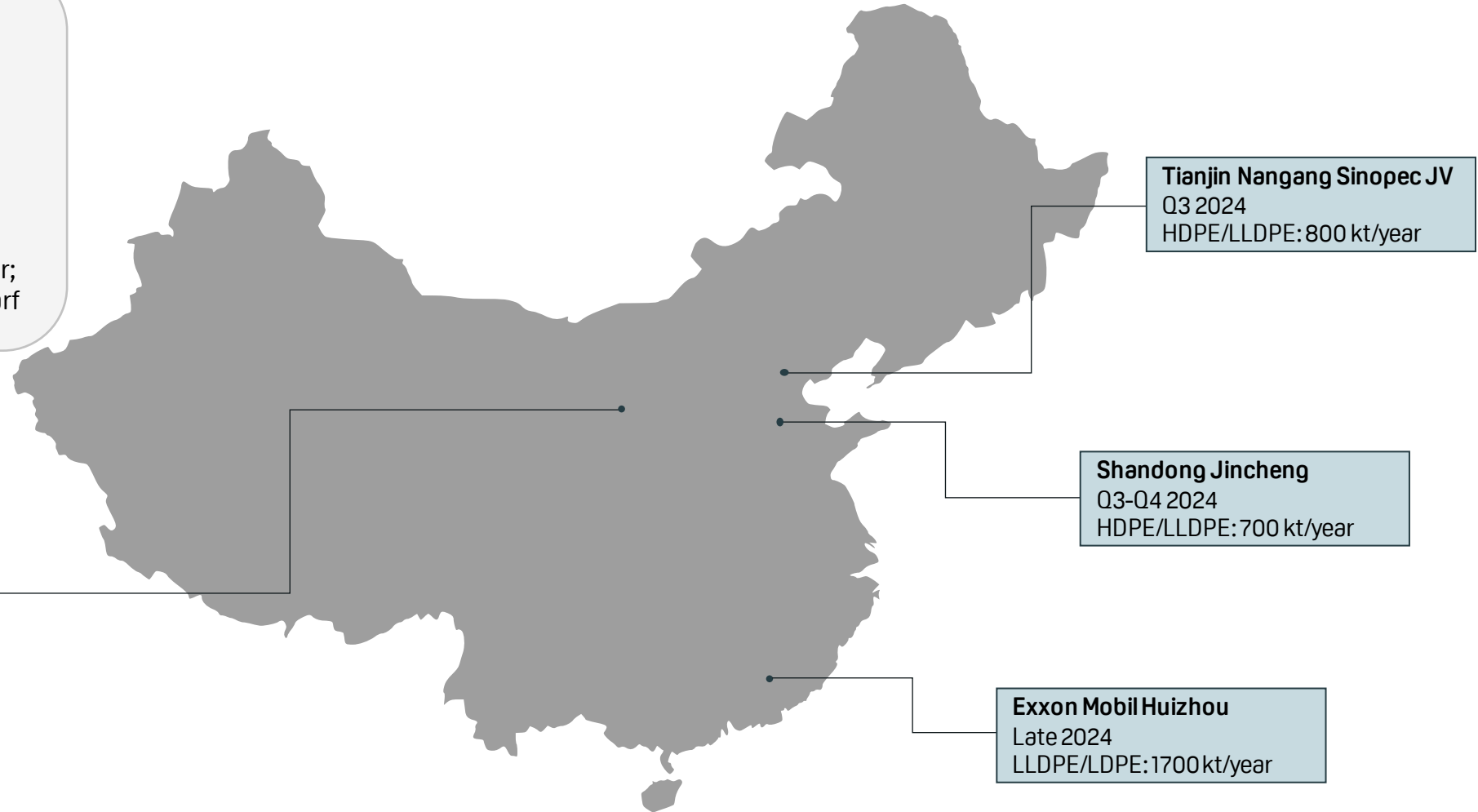
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Polyethylene capacity additions in China to continue into 2024

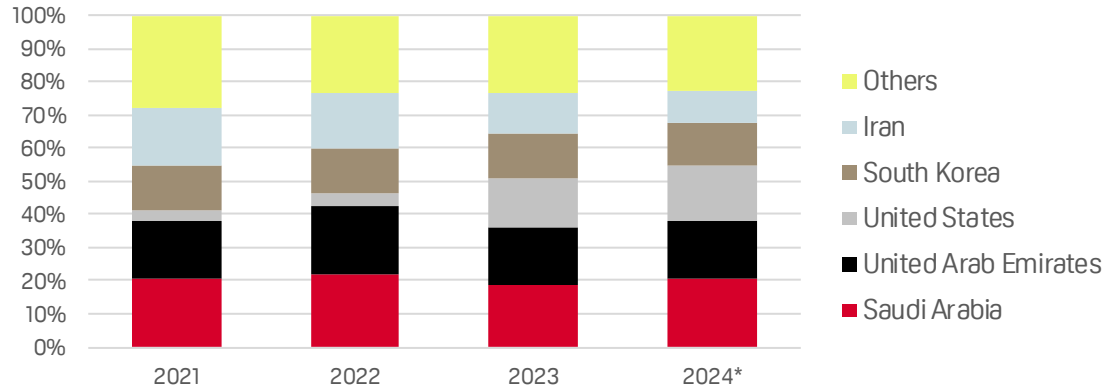
- Asia: China slated to start new ~3.5 million mt/year of PE capacity in 2024; 950 kt/year HDPE/LLDPE in Vietnam (Long Son)
- 3 biggest demand centers – China, Vietnam, India
- Operating rates may dip further; Asia's net import volumes dwarf other regions



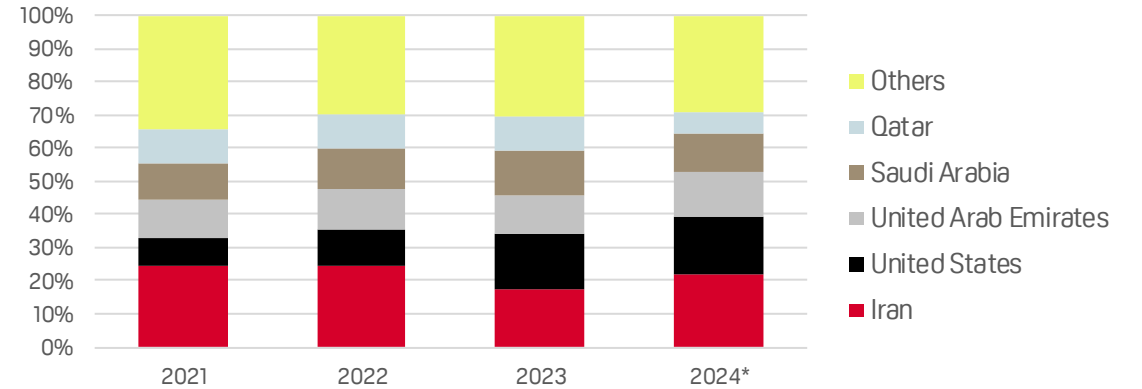
Source: S&P Global Commodity Insights

China to remain key polyethylene importer despite rising capacities, self-sufficiency

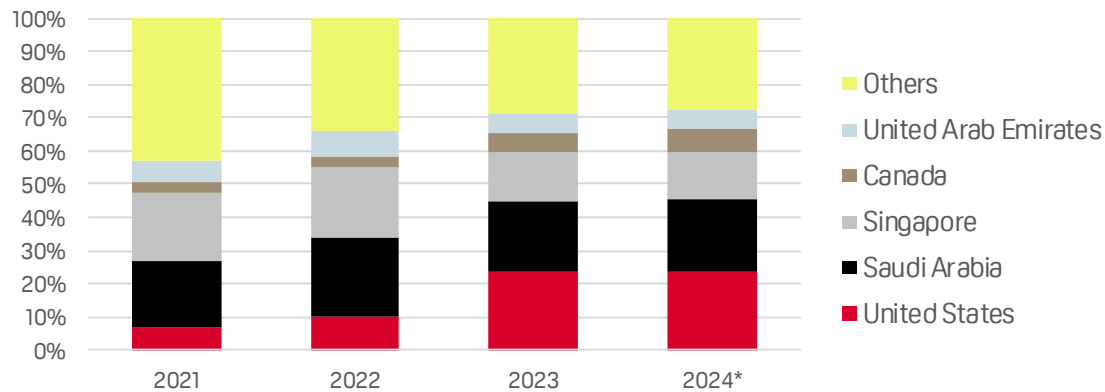
HDPE import breakdown



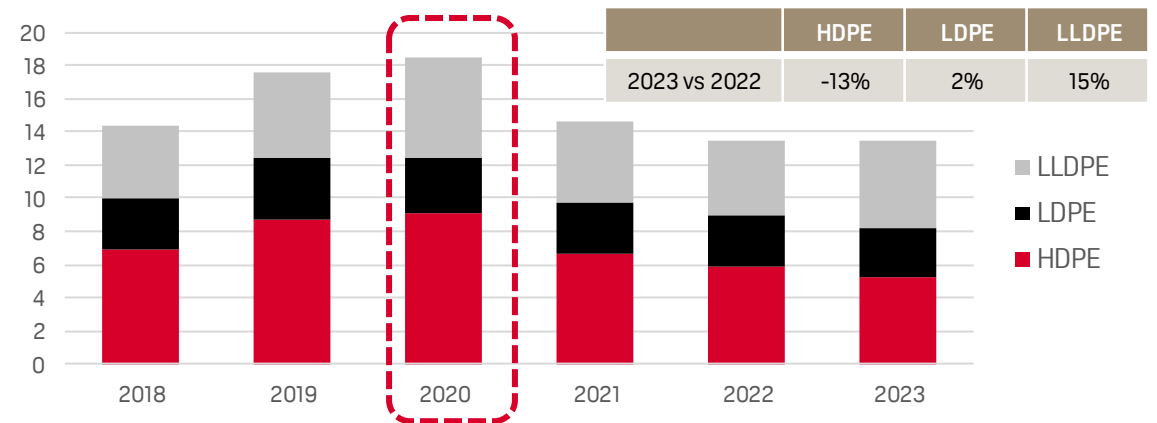
LDPE import breakdown



LLDPE import breakdown



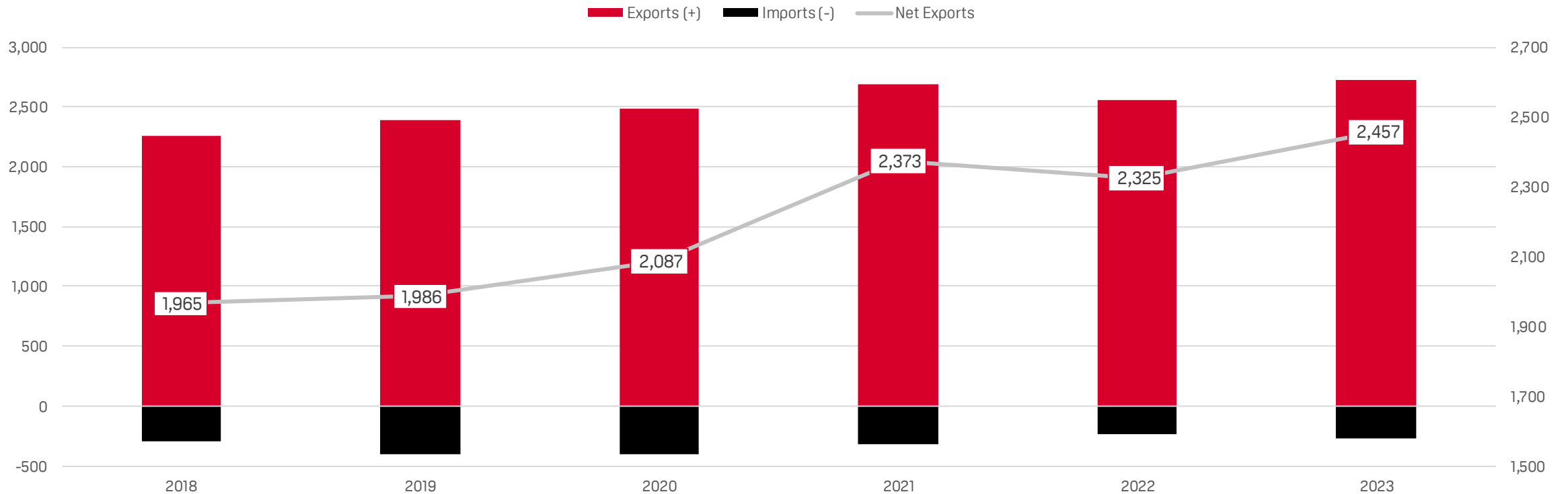
Total PE annual imports (million MT)



*Jan-March
Source: China customs data

South Korea's PE export volumes relatively stable with producers in Asia ex. China to switch to specialized grades production

South Korea's import/exports (thousands MT)



Source: South Korea customs data

New polypropylene capacities in Asia

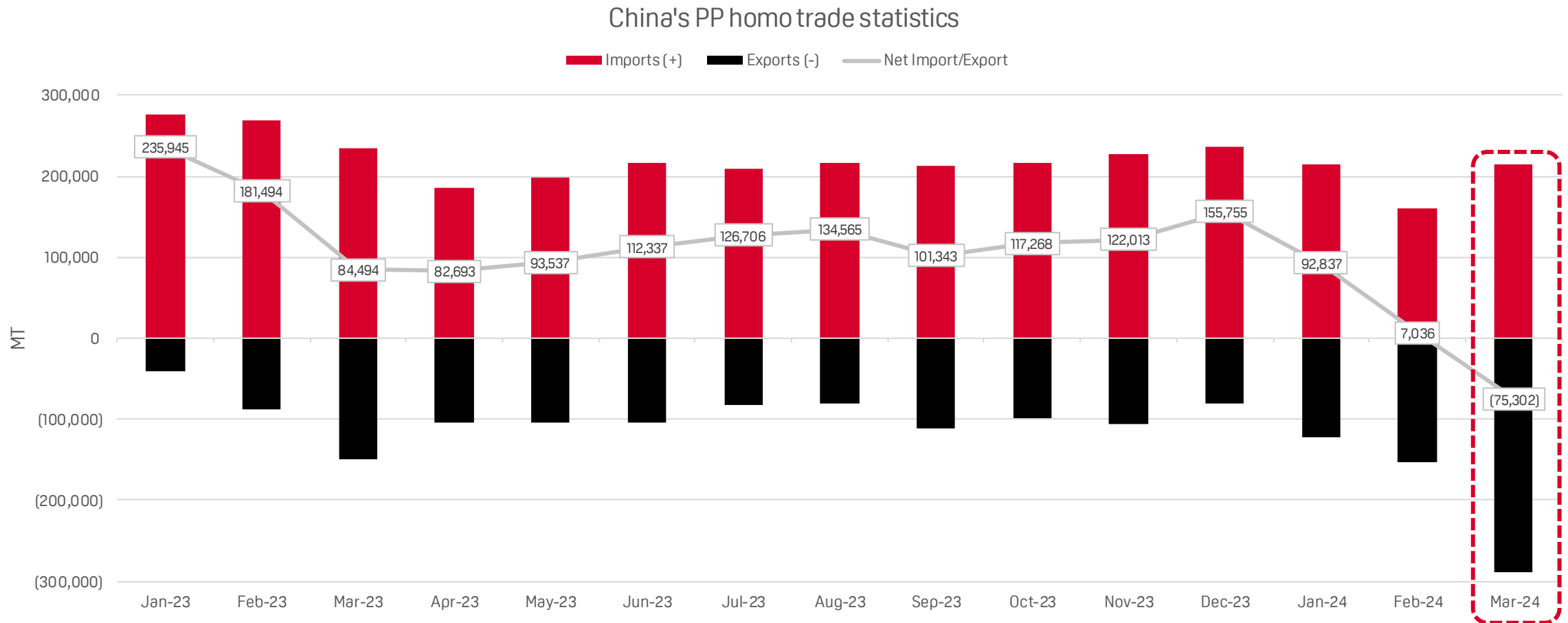
China new PP capacities

Region	PP plant	Capacity (kt/year)	Est. startup date
China	PetroChina Jieyang	200	Jan 2024
China	Huizhou New Material	150	March 2024
China	Grand Pacific	450	Q1 2024
China	Kingfa Ningbo No.1+2	800+400	Q1 2024
China	Zhongjin Petrochemical	600	April 2024
China	Quanzhou Guoheng	450	April 2024
China	Jinneng Chemical Qingdao #2	450	Q2 2024
China	Jinneng Chemical Qingdao #3	450	Mid 2024
China	Sinopec Tianjin Nangang	350	Mid 2024
China	Exxon Huizhou Phase 1+2	450+450	2024

Asia ex. China new PP capacities

Region	PP plant	Capacity (kt/year)	Est. startup date
India	Nayara Energy	450	H1 2024
India	IOCL	200	2024
India	GAIL	60	2024
India	HPCL No. 1+2	500+500	2024
Indonesia	PT Polytama Propindo	300	2024
Indonesia	Lotte Cilegon	240	2025

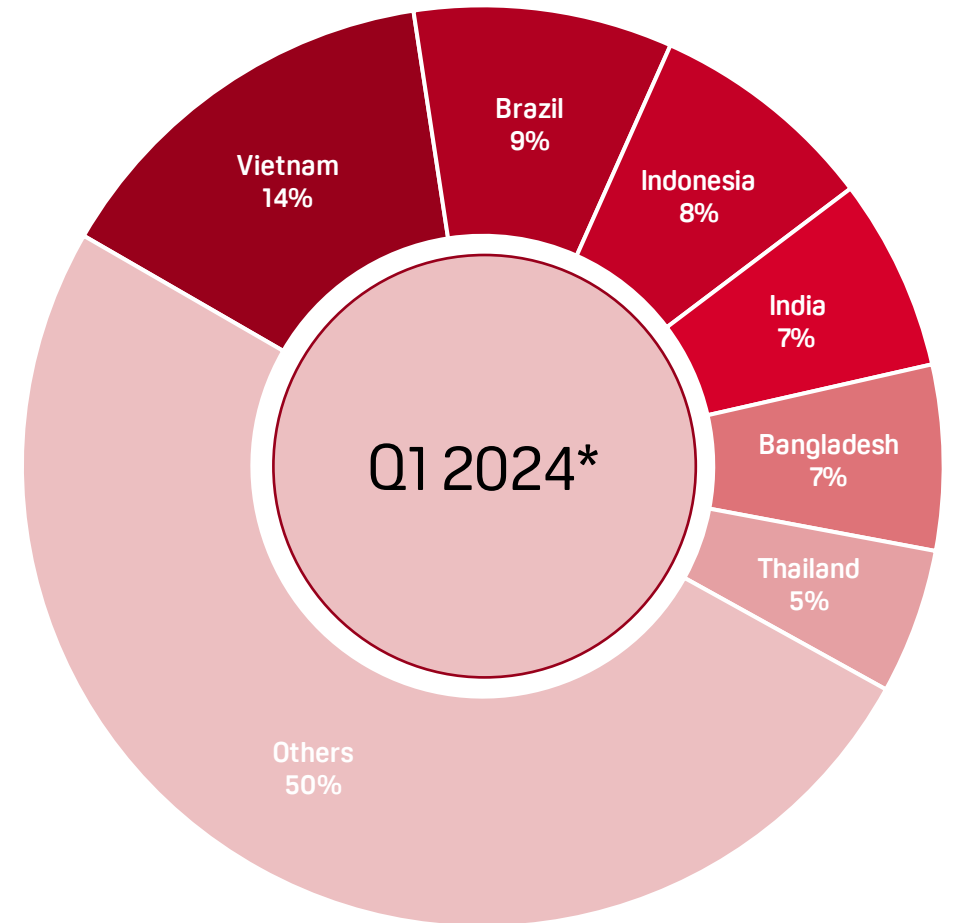
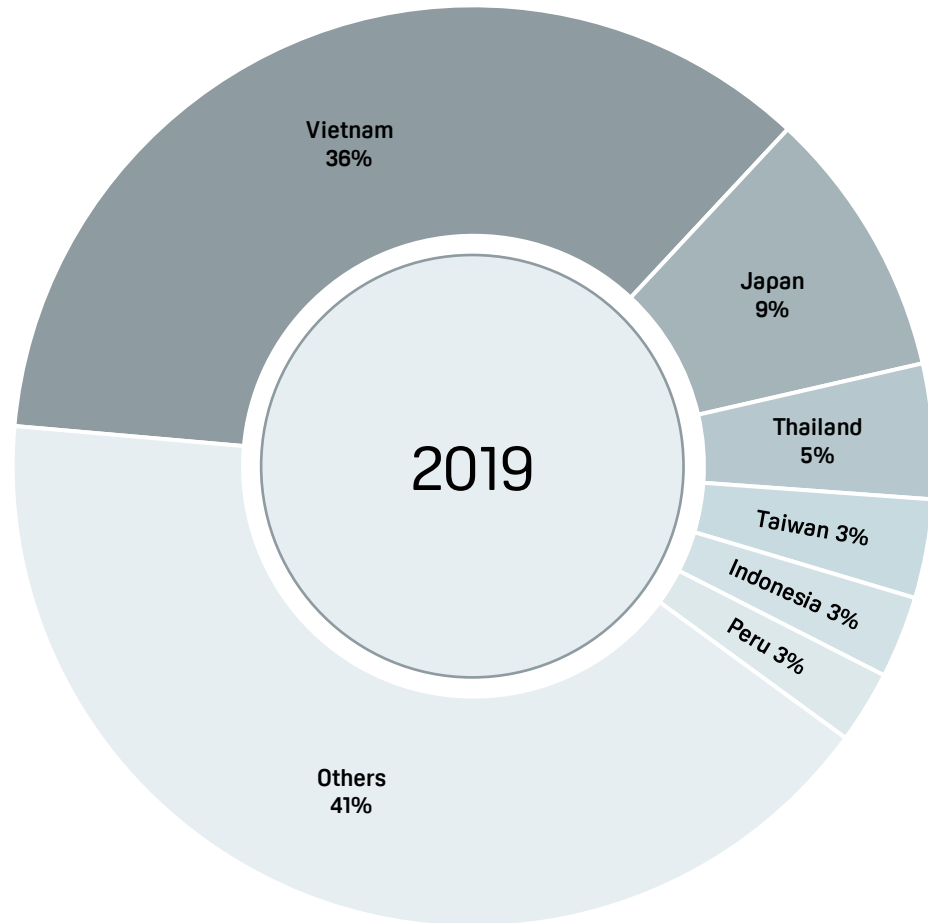
China turns PP net exporter for first time in March 2024 amid capacity expansion



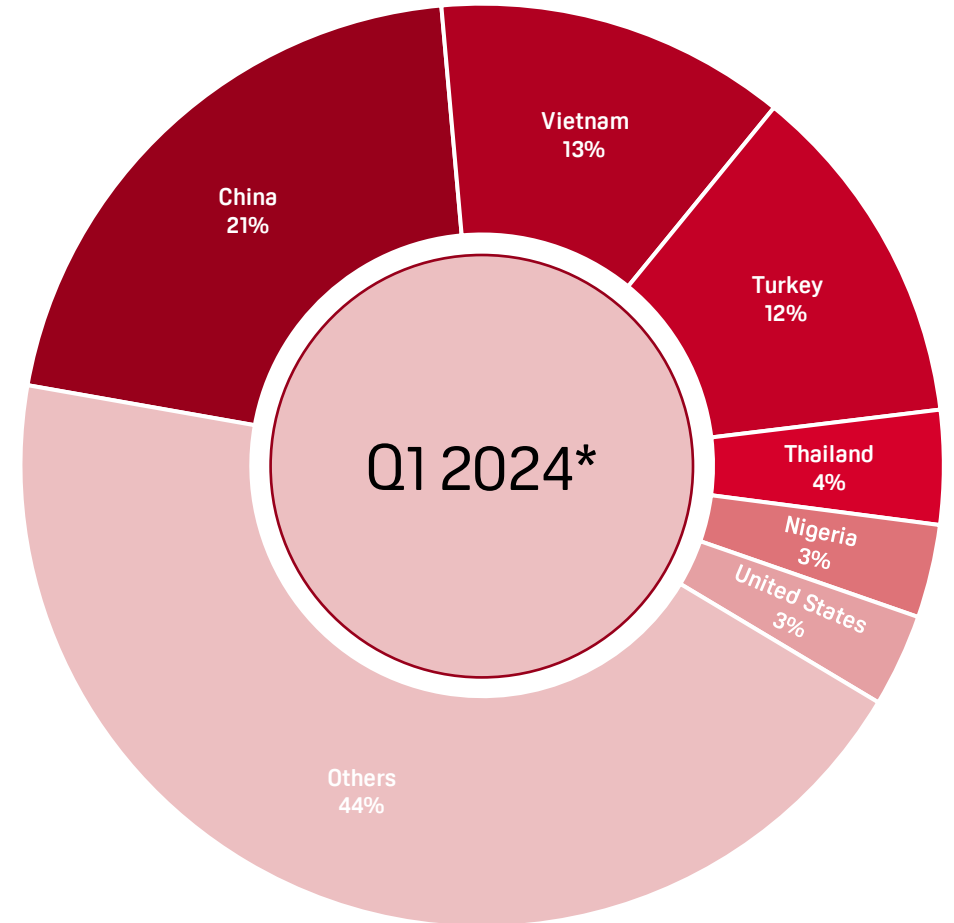
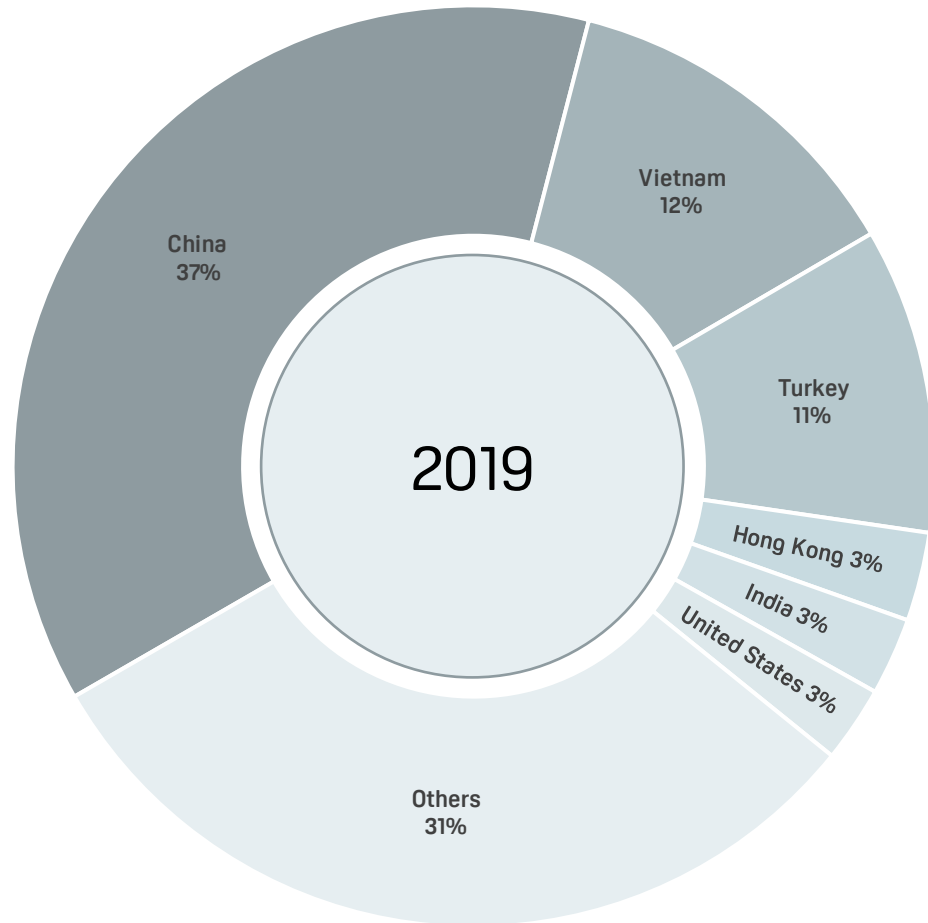
Source: China customs data

China's total PP exports breakdown by destination countries

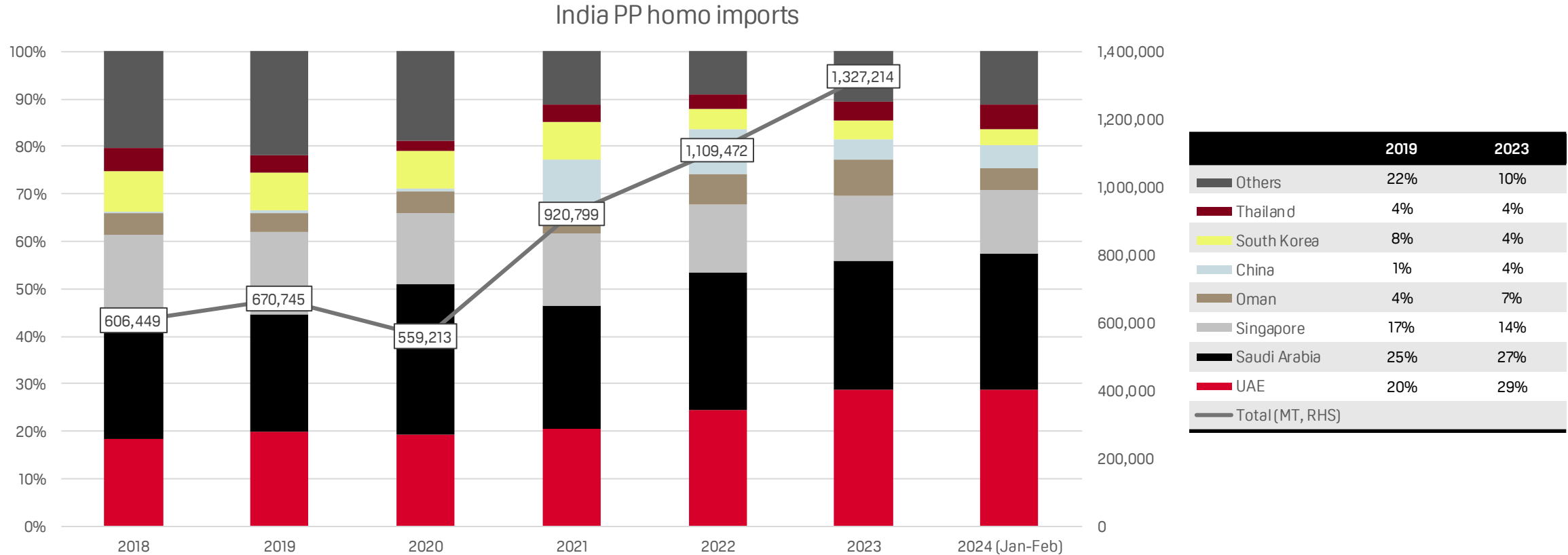
Top 6 countries make up 50% of China's total exports



South Korea's PP homo export volume breakdown: To diversify PP export destinations as China reaches self-sufficiency



Strong demand from construction, automotive, packaging sectors drive India's PP homo import volume growth; less impact from BIS



Source: India Ministry of Commerce and Industry

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Demand-supply uncertainties on the implementation of regional legislations, policies



Thank you!

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