

Petrochemical price monitor

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- **No Chinese New Year red packet for petrochemical products.** Although Chinese New Year is around the corner, petrochemical product prices continued to decline WoW, especially ethylene (-2.4% WoW to 6-week low at US\$1,420/t). The fall in ethylene price in Asia was attributed to a combination of bearish factors including ample product availability and very sluggish buying sentiment in the region. HDPE and LLDPE prices, however, rose 1.3% and 1% WoW, respectively on stocking ahead of Chinese New Year, though product spread weakened 0.8-1.4% WoW on higher naphtha price.
- **Muted impact from delayed startup of new PX plants.** Despite news that several new PX plants have postponed startup from 1Q14 to 2H14, PX price continued to decline to US\$1,333/t (-0.4% WoW), the level last seen in June 2012. PX-naphtha spread also fell 6% WoW to only US\$475/t. This reflected slower demand in the market even though the Chinese New Year is close. India's ONGC announced that it has delayed the COD of its new aromatics plant with total capacity of 900ktpa for PX and 270ktpa for BZ.
- **PET/PTA spread narrowed on lower PET and PTA prices.** Lower PET and PTA prices continued to depressed integrated PET/PTA spread, falling by 3.9% WoW to US\$271/t.

Investment view: The petrochemical sector (-0.8% WoW) again underperformed the SET index (-0.1% WoW), due to a weaker PTTGC share price (-1.7% WoW). Apart from the bearish sentiment towards the Thai stock market, we believe investors are still concerned about the sector's 4Q13F earnings, which could be dampened by FX loss. This concern, in our view, is overdone. We continue to expect PTTGC's 4Q13F to outperform local peers as HDPE was favorable and operating rate improved QoQ.

Figure 1: Petrochemical price update

	Current 24-Jan-14	52-week High/Low	-1W	-1M	-3M	-6M	-12M	1Q14 QTD	4Q13	QoQ%	YTD	Chg.	%YoY	2014F projection
Price														
Naphtha Singapore Spot FOB	858	962/744	3.1%	-4.4%	4.6%	6.8%	-3.0%	859	855	0.5%	859	-8	-0.9%	822
Ethylene, Far East CFR SE Asia \$/MT	1,420	1,520/1,215	-2.4%	-0.4%	-1.7%	14.5%	3.6%	1,448	1,427	1.5%	1,448	94	7.0%	1,320
Propylene (C), Spot CFR F/E US/MT	1,478	1,503/1,280	-1.3%	-1.3%	1.5%	6.1%	11.7%	1,494	1,472	1.6%	1,494	178	13.5%	1,370
Polye HDPE Inj, South East Asia US/MT	1,570	1,570/1,425	1.3%	2.3%	3.0%	7.2%	7.9%	1,548	1,530	1.2%	1,548	119	8.3%	1,440
Polye LDPE-Film, Spot S.E Asia US/MT	1,670	1,680/1,420	0.0%	-0.6%	0.9%	7.7%	19.7%	1,675	1,664	0.6%	1,675	285	20.5%	1,490
Polye LLDPE Film, F/E Spot SE Asia \$/MT	1,585	1,585/1,410	1.0%	1.0%	2.9%	7.1%	8.2%	1,574	1,546	1.8%	1,574	131	9.1%	1,480
PP Film, Spot South East Asia US/MT	1,570	1,580/1,440	0.0%	1.0%	2.3%	4.7%	1.9%	1,564	1,539	1.6%	1,564	60	4.0%	1,490
Related stocks														
PTTGC (+) IRPC (-) SCC (-) TPIPL (+)														
Para-Xylene CFR Chin M. Por Spot \$/MT	1,333	1,721/1,333	-0.4%	-6.9%	-6.3%	-8.8%	-21.4%	1,368	1,432	-4.5%	1,368	-314	-18.7%	1,390
Benzene, Far East CFR Spot F/E US/MT	1,353	1,443/1,218	-1.1%	0.0%	7.8%	8.4%	-5.4%	1,354	1,298	4.4%	1,354	-88	-6.1%	1,220
Related stocks														
PTTGC (-) TOP (-) ESSO (-)														
MEG, Far East Spot CFR F/E US/MT	1,008	1,189/944	0.6%	-2.6%	-3.1%	-6.3%	-13.6%	1,010	1,043	-3.1%	1,010	-176	-14.8%	1,040
PTA CFR South East Asia	955	1,200/955	-1.0%	-5.0%	-5.0%	-12.4%	-18.7%	975	1,009	-3.4%	975	-209	-17.6%	1,050
PET(Fibre Grade)/P Spot CFR NEA \$/MT	1,280	1,540/1,280	-0.8%	-1.5%	-5.9%	-5.5%	-16.3%	1,298	1,330	-2.4%	1,298	-229	-15.0%	n.a.
Related stocks														
PTTGC (+) IVL (-)														
ABS Asia Pac. India Spot CFR US/MT	1,885	2,060/1,870	0.0%	-0.5%	-1.6%	-2.8%	-7.4%	1,890	1,904	-0.7%	1,890	-145	-7.1%	n.a.
Polystyrene-GP, Spot Hong Kong US/MT	1,805	1,915/1,765	0.0%	0.3%	-3.2%	-5.2%	-4.2%	1,806	1,817	-0.6%	1,806	-60	-3.2%	n.a.
Related stocks														
IRPC (Neutral)														
PVC, Spot South East Asia US/MT	1,035	1,083/950	0.0%	2.5%	3.5%	2.5%	-1.0%	1,029	1,003	2.6%	1,029	0	0.0%	1,030
Related stocks														
VNT (+) TPC (Neutral)														
Product spread														
Ethylene - naphtha	562	650/424	-9.7%	6.6%	-10.0%	28.7%	15.8%	589	572	2.9%	589	102	20.9%	498
Propylene - naphtha	620	665/438	-6.8%	3.3%	-2.4%	5.1%	41.4%	635	617	3.0%	635	185	41.1%	548
HDPE - naphtha	712	718/533	-0.8%	11.7%	1.0%	7.6%	24.8%	689	675	2.0%	689	126	22.5%	618
LDPE - naphtha	812	851/523	-3.1%	3.8%	-2.7%	8.7%	59.0%	816	809	0.8%	816	293	55.9%	668
LDPE - Ethylene	250	323/25	16.3%	-2.0%	19.0%	-19.4%	900.0%	227	237	-4.2%	227	191	525.9%	170
LLDPE - naphtha	727	738/528	-1.4%	8.1%	1.0%	7.4%	25.2%	715	691	3.5%	715	138	24.0%	658
PP - naphtha	712	738/598	-3.5%	8.3%	-0.4%	2.2%	8.6%	705	684	3.0%	705	68	10.6%	668
PX - naphtha	475	817/475	-6.0%	-11.1%	-21.2%	-27.8%	-41.4%	509	577	-11.9%	509	-306	-37.6%	568
BZ - naphtha	495	594/396	-7.6%	8.7%	13.8%	11.3%	-9.3%	495	443	11.8%	495	-80	-13.9%	398
MEG - Ethylene	128	324/93	27.7%	-15.8%	-11.5%	-58.4%	-59.8%	112	158	-28.9%	112	-235	-67.7%	222
PTA - PX	89	155/62	-7.1%	19.3%	10.6%	-36.8%	20.8%	86	78	10.6%	86	-5	-5.1%	119
PET spread	182	273/128	-2.3%	18.5%	-14.0%	42.0%	-11.1%	184	179	3.1%	184	-5	-2.6%	n.a.
Integrated PET/PTA spread	271	391/211	-3.9%	18.7%	-7.3%	0.8%	-2.7%	270	256	5.4%	270	-10	-3.4%	n.a.
ABS spread	1,077	1,272/1,040	0.3%	-4.1%	-10.4%	-14.7%	-7.5%	1,092	1,169	-6.6%	1,092	-77	-6.6%	n.a.
PS spread	325	565/303	7.3%	2.0%	-28.6%	-42.0%	-9.3%	316	378	-16.2%	316	-18	-5.5%	n.a.
PVC - ethylene	325	398/258	5.7%	9.2%	17.1%	-16.7%	-9.7%	305	289	5.4%	305	-47	-13.4%	370

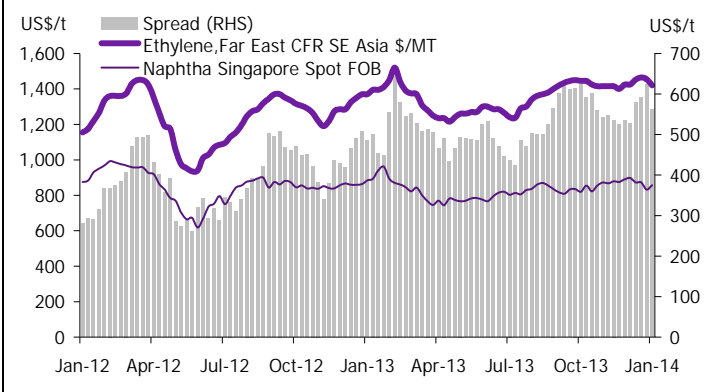
Source: Datastream, SCBS Investment Research

Note: Impact to related stocks is based on WoW performance

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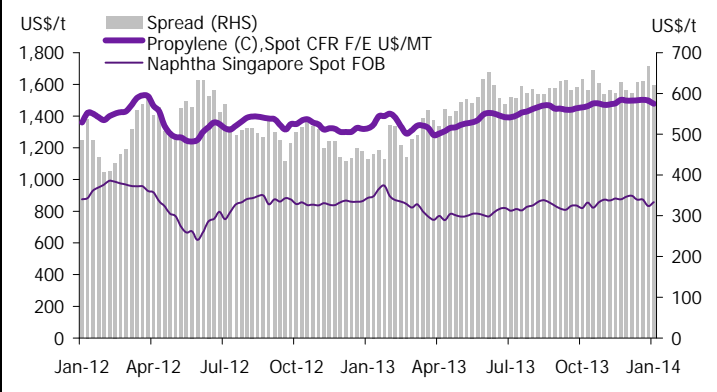
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Figure 2: Ethylene vs. Naphtha



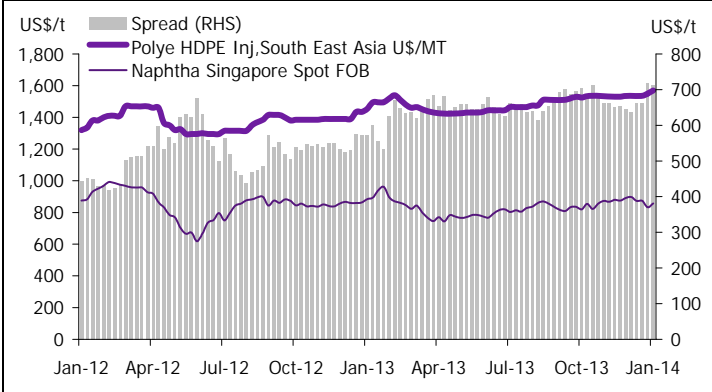
Source: Datastream, SCBS Investment Research

Figure 3: Propylene vs. Naphtha



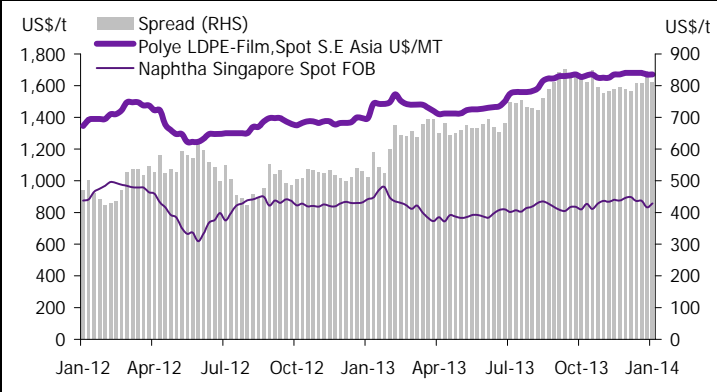
Source: Datastream, SCBS Investment Research

Figure 4: HDPE vs. Naphtha



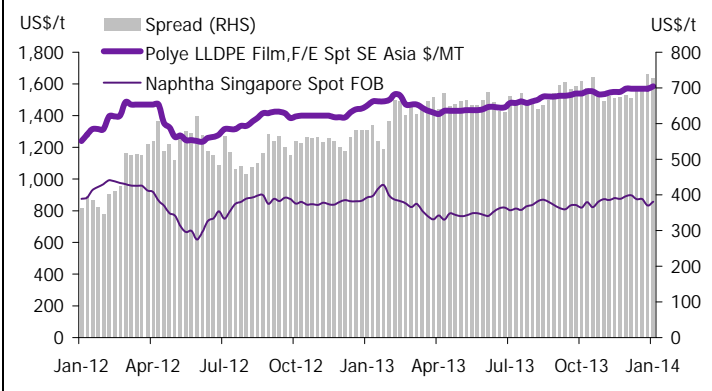
Source: Datastream, SCBS Investment Research

Figure 5: LDPE vs. Naphtha



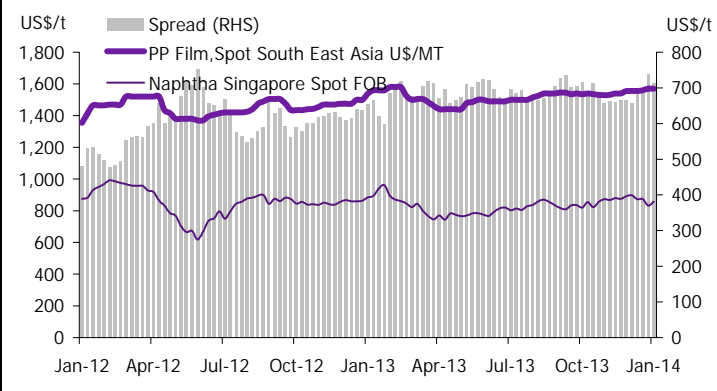
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Figure 6: LLDPE vs. Naphtha



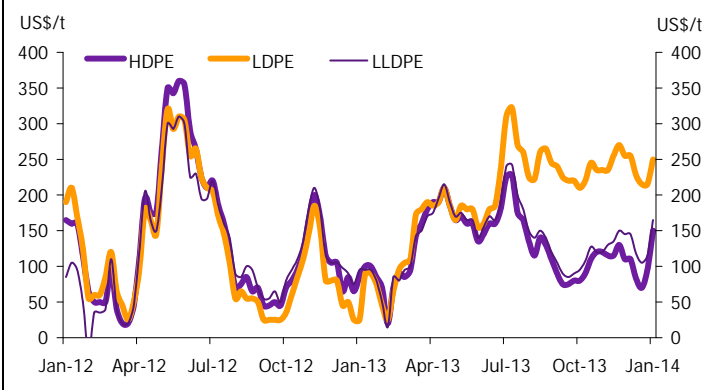
Source: Datastream, SCBS Investment Research

Figure 7: PP vs. Naphtha



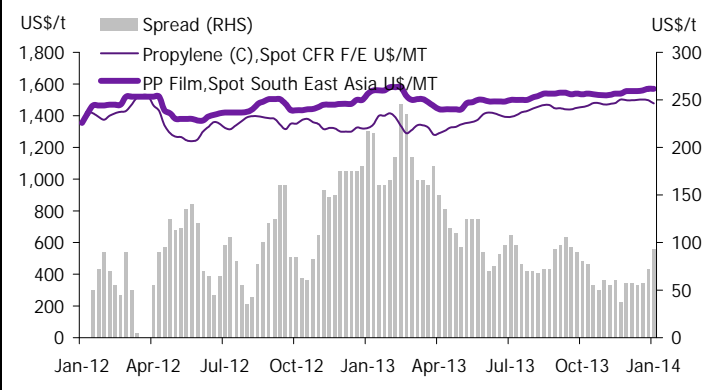
Source: Datastream, SCBS Investment Research

Figure 8: Polyethylene spread over ethylene

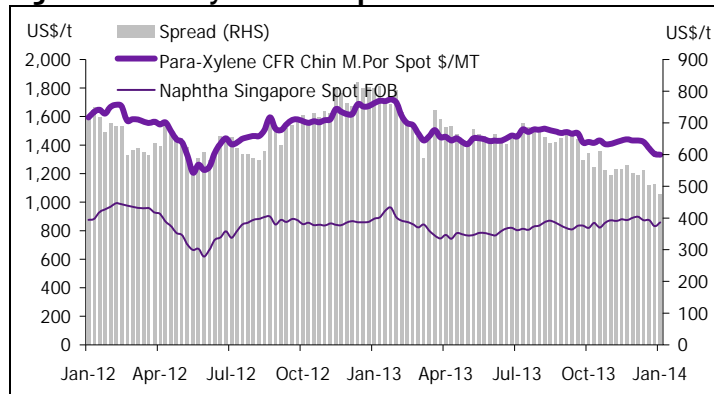


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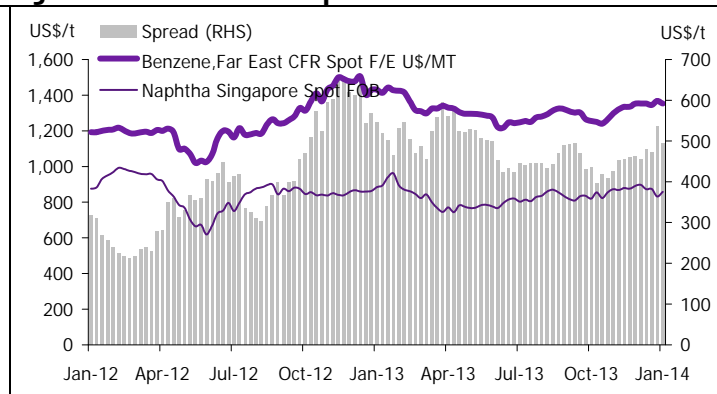
Figure 9: Polypropylene vs. propylene



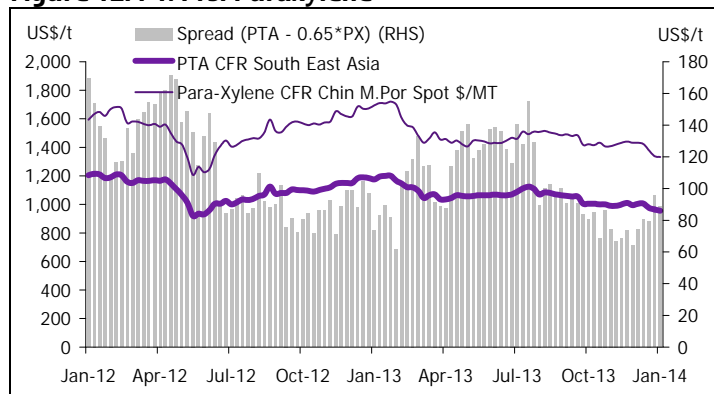
Source: Datastream, SCBS Investment Research

Figure 10: Paraxylene vs. Naphtha

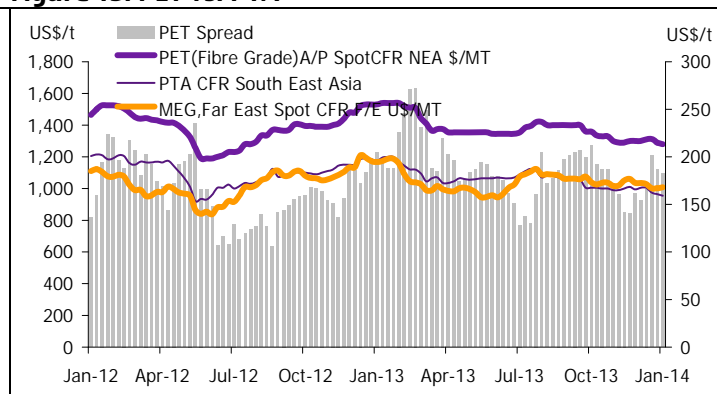
Source: Datastream, SCBS Investment Research

Figure 11: Benzene vs. Naphtha

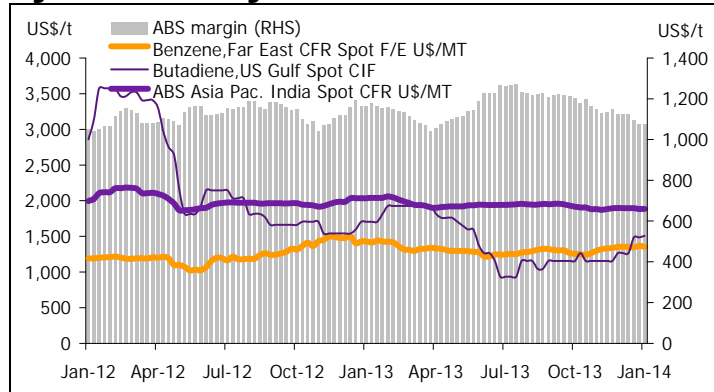
Source: Datastream, SCBS Investment Research

Figure 12: PTA vs. Paraxylene

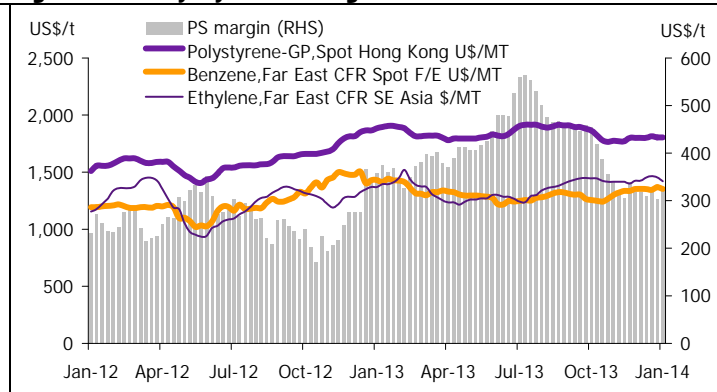
Source: Datastream, SCBS Investment Research

Figure 13: PET vs. PTA

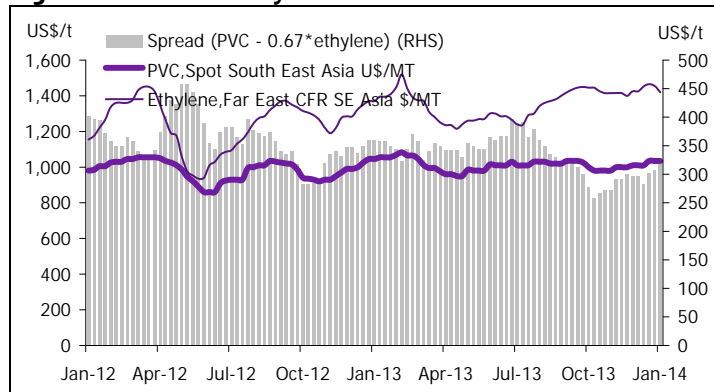
Source: Datastream, SCBS Investment Research

Figure 14: ABS margin

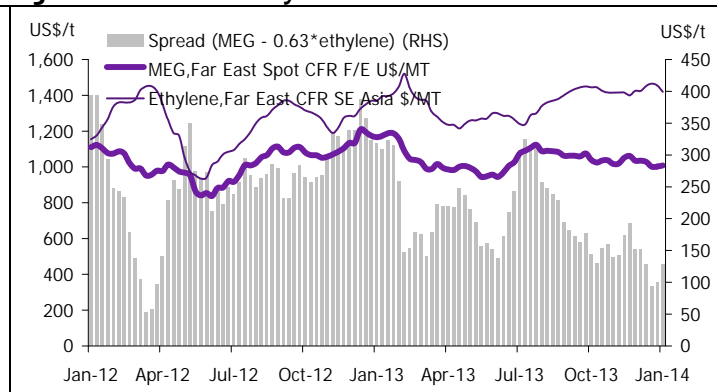
Source: Datastream, SCBS Investment Research

Figure 15: Polystyrene margin

Source: Datastream, SCBS Investment Research

Figure 16: PVC vs. ethylene

Source: Datastream, SCBS Investment Research

Figure 17: MEG vs. ethylene

Source: Datastream, SCBS Investment Research

Figure 18: Selected product price/spread of listed companies

Company	Key products	% of total	Product price/spread	1Q14 QTD	4Q13	QoQ%	YTD	12MMA	2014F projection	Momentum
PTTGC	Ethylene/Propylene	21%	Ethylene, Far East CFR SE Asia \$/MT	1,448	1,427	1%	1,448	1,359	1,320	↘
			Propylene (C), Spot CFR F/E US\$/MT	1,494	1,472	2%	1,494	1,411	1,370	→
	HDPE	19%	Polye HDPE Inj, South East Asia US\$/MT	1,548	1,530	1%	1,548	1,487	1,440	↗
	LLDPE	7%	Polye LLDPE Film,F/E Spt SE Asia \$/MT	1,574	1,546	2%	1,574	1,497	1,480	↗
	LDPE	4%	Polye LDPE-Film, Spot S.E Asia US\$/MT	1,675	1,664	1%	1,675	1,556	1,490	→
	MEG	6%	MEG, Far East Spot CFR F/E US\$/MT	1,010	1,043	-3%	1,010	1,040	1,040	↘
	PX	28%	PX - naphtha	509	577	-12%	509	642	568	↘
	BZ	15%	BZ - naphtha	495	443	12%	495	479	398	↗
IRPC	Ethylene/Propylene	15%	Ethylene - naphtha	589	572	3%	589	527	498	→
			Propylene - naphtha	635	617	3%	635	579	548	→
	HDPE	12%	HDPE - naphtha	689	675	2%	689	655	618	↗
	PP	28%	PP - naphtha	705	684	3%	705	687	668	→
	ABS	7%	ABS spread	1,092	1,169	-7%	1,092	1,161	n.a.	↘
	BTX	23%	BZ - naphtha	495	443	12%	495	479	398	↗
	PS	12%	PS spread	316	378	-16%	316	410	n.a.	→
SCC	HDPE	40%	HDPE - naphtha	689	675	2%	689	655	618	↗
	LDPE	3%	LDPE - naphtha	816	809	1%	816	724	668	→
	LLDPE	3%	LLDPE - naphtha	715	691	3%	715	665	658	↗
	PP	25%	PP - naphtha	705	684	3%	705	687	668	→
	PVC	28%	PVC - Ethylene/EDC	482	521	-8%	482	479	n.a.	→
TPIPL	LDPE	60%	LDPE - Ethylene	227	237	-4%	227	197	170	→
TOP	PX	60%	PX - naphtha	509	577	-12%	509	642	568	↘
	BZ	21%	BZ - naphtha	495	443	12%	495	479	398	↗
IVL	PTA	25%	PTA - PX	86	78	11%	86	102	119	↗
	PET/Polyester	67%	PET spread	184	179	3%	184	188	n.a.	→
	MEG	8%								
VNT	PVC	63%	PVC - ethylene	305	289	5%	305	333	370	→
TPC	PVC	100%	PVC - Ethylene/EDC	482	521	-8%	482	479	n.a.	→

Source: Datastream, SCBS Investment Research

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