

Petrochemical price monitor

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- **Non-integrated producers did best WoW.** Ethylene price slid for the third week in a row (-0.5% WoW) on slower demand for downstream PE. High ethylene price has thinned product spread and discouraged PE producers. Ethylene is likely to be more abundant as crackers restart on completion of turnarounds: UAE-based Borouge plans to start up its Borouge 3 1.5mtpa-cracker in April 2014. Lower supply of PE helped lift PE price by 0.3-1.3% WoW, especially LDPE. Still, buyers were cautious in the presence of price volatility and reports of high LDPE inventory levels in China. Margin improved 12-19% WoW for non-integrated producers.
- **PX price sparked by higher PTA demand.** PX price rose 6% WoW to US\$1,243/t on higher PTA demand and cut in supply from maintenance shutdowns. This could be a short-term bounce for PX price since more supply is still lined up to enter the market in 2H14. BZ price, on the other hand, continued down, losing 0.8% WoW on lower demand for downstream styrene monomer in key market China.
- **Higher PX and MEG price reduced PET/PTA spread.** Integrated PET/PTA spread fell another 13% WoW to US\$289/t on higher feedstock cost despite an increase in PTA and PET of 0.4-3.4% WoW. This was due to plant turnaround for PX while several PTA plants came back from maintenance. PET bottle-grade resin price continued to rise on strong demand, which pushed prices higher across Asia.

Investment view: Greater interest in PTTGC (BUY, TP: Bt92) helped lift share price by 2.1% WoW, outperforming the sector and SET. IVL (Neutral, TP: Bt24) share gained 0.9% WoW on better outlook for PET during the summer. The latest product prices and spread will continue to support PTTGC's earnings by raising PE price, but IVL could see short-term correction on higher feedstock cost and narrower spread. We also expect to see some interest in TIPL on better LDPE-ethylene spread (+18% WoW)

Figure 1: Petrochemical price update

	Current 28-Mar-14	52-week High/Low	-1W	-1M	-3M	-6M	-12M	1Q14 QTD	4Q13	QoQ%	YTD	Chg.	%YoY	2014F projection
Price														
Naphtha Singapore Spot FOB	843	897/744	0.7%	-0.1%	-6.1%	3.0%	-0.1%	844	855	-1.2%	844	-32	-3.7%	822
Ethylene, Far East CFR SE Asia \$/MT	1,440	1,465/1,215	-0.5%	-1.0%	1.1%	1.4%	5.1%	1,440	1,427	0.9%	1,440	43	3.1%	1,320
Propylene (C), Spot CFR F/E US\$/MT	1,373	1,503/1,280	-1.8%	-5.0%	-8.3%	-5.2%	2.4%	1,458	1,472	-0.9%	1,458	113	8.4%	1,370
Polye HDPE Inj, South East Asia US\$/MT	1,550	1,570/1,425	0.6%	0.6%	1.0%	2.6%	5.8%	1,548	1,530	1.2%	1,548	73	5.0%	1,440
Polye LDPE-Film, Spot S.E Asia US\$/MT	1,620	1,680/1,420	1.3%	0.6%	-3.6%	-2.4%	9.5%	1,642	1,664	-1.4%	1,642	180	12.3%	1,490
Polye LLDPE Film, F/E Spot SE Asia \$/MT	1,555	1,585/1,410	0.3%	1.6%	-1.0%	2.0%	5.8%	1,562	1,546	1.0%	1,562	84	5.7%	1,480
PP Film, Spot South East Asia US\$/MT	1,550	1,570/1,440	0.0%	-0.6%	-0.3%	0.3%	3.0%	1,562	1,539	1.5%	1,562	26	1.7%	1,490
Related stocks			PTTGC (+) IRPC (-) SCC (Neutral) TIPL (+)											
Para-Xylene CFR Chin M. Por Spot \$/MT	1,243	1,515/1,143	6.0%	1.2%	-13.2%	-16.7%	-13.3%	1,286	1,432	-10.2%	1,286	-342	-21.0%	1,390
Benzene, Far East CFR Spot F/E US/MT	1,225	1,368/1,218	-0.8%	-3.9%	-9.4%	-6.5%	-5.6%	1,304	1,298	0.4%	1,304	-95	-6.8%	1,220
Related stocks			PTTGC (+) TOP (+) ESSO (+)											
MEG, Far East Spot CFR F/E US\$/MT	943	1,124/905	2.8%	4.3%	-8.9%	-11.2%	-4.7%	967	1,043	-7.3%	967	-160	-14.2%	1,040
PTA CFR South East Asia	915	1,125/865	3.4%	3.4%	-9.0%	-13.7%	-12.4%	936	1,009	-7.2%	936	-220	-19.0%	1,050
PET (Fibre Grade)A/P Spot CFR NEA \$/MT	1,225	1,420/1,220	0.4%	-2.8%	-5.8%	-12.5%	-13.1%	1,267	1,330	-4.8%	1,267	-246	-16.2%	n.a.
Related stocks			PTTGC (+) IVL (-)											
ABS Asia Pac. India Spot CFR US/MT	1,880	1,955/1,870	0.0%	-0.5%	-0.8%	-3.8%	-3.1%	1,886	1,904	-0.9%	1,886	-135	-6.7%	n.a.
Polystyrene-GP, Spot Hong Kong US\$/MT	1,745	1,915/1,740	0.0%	-0.6%	-3.1%	-8.6%	-4.1%	1,778	1,817	-2.2%	1,778	-87	-4.7%	n.a.
Related stocks			IRPC (Neutral)											
PVC, Spot South East Asia US\$/MT	1,025	1,070/950	-2.4%	-2.8%	1.5%	-1.0%	1.5%	1,040	1,003	3.7%	1,040	-8	-0.8%	1,030
Related stocks			VNT (-) TPC (-)											
Product spread														
Ethylene - naphtha	597	626/424	-2.2%	-2.4%	13.2%	-0.8%	13.5%	595	572	4.0%	595	75	14.5%	498
Propylene - naphtha	530	665/520	-5.5%	-12.0%	-11.7%	-15.8%	6.7%	614	617	-0.5%	614	145	30.9%	548
HDPE - naphtha	707	735/615	0.6%	1.5%	11.0%	2.2%	13.8%	704	675	4.3%	704	106	17.7%	618
LDPE - naphtha	777	851/643	1.8%	1.4%	-0.7%	-7.7%	22.1%	797	809	-1.5%	797	212	36.3%	668
LDPE - Ethylene	180	323/145	18.0%	16.1%	-29.4%	-25.0%	63.6%	202	237	-14.8%	202	137	210.7%	170
LLDPE - naphtha	712	750/633	-0.1%	3.7%	5.9%	0.8%	13.7%	717	691	3.8%	717	116	19.4%	658
PP - naphtha	707	740/657	-0.8%	-1.3%	7.6%	-2.7%	6.9%	717	684	4.8%	717	59	8.9%	668
PX - naphtha	400	739/304	19.1%	4.0%	-25.1%	-40.6%	-32.1%	442	577	-23.5%	442	-310	-41.2%	568
BZ - naphtha	382	594/381	-4.0%	-11.5%	-16.0%	-22.3%	-15.8%	459	443	3.6%	459	-62	-11.9%	398
MEG - Ethylene	50	324/2	156.8%	1991.7%	-66.9%	-72.4%	-64.2%	74	158	-53.1%	74	-186	-71.6%	222
PTA - PX	107	155/65	-12.6%	23.2%	44.1%	18.2%	-5.7%	100	78	28.0%	100	3	3.0%	119
PET spread	181	253/128	-13.2%	-28.4%	17.8%	-10.0%	-27.1%	199	179	11.4%	199	-18	-8.4%	n.a.
Integrated PET/PTA spread	289	352/211	-13.0%	-15.2%	26.4%	-1.2%	-20.4%	299	256	16.4%	299	-15	-4.9%	n.a.
ABS spread	1,104	1,272/1,040	0.4%	1.7%	-1.7%	-9.4%	1.0%	1,087	1,169	-7.0%	1,087	-63	-5.5%	n.a.
PS spread	360	565/303	2.9%	10.4%	13.0%	-22.4%	-9.6%	330	378	-12.5%	330	-25	-7.0%	n.a.
PVC - ethylene	305	398/258	-6.5%	-6.9%	2.5%	-6.2%	-6.2%	320	289	10.6%	320	-29	-8.4%	370

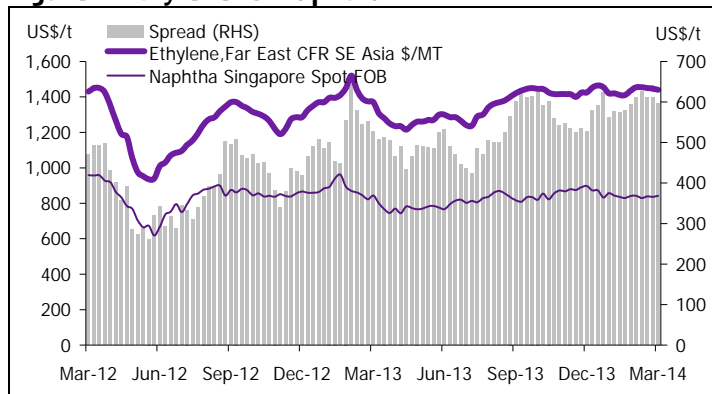
Source: Datastream, SCBS Investment Research

Note: Impact to related stocks is based on WoW performance

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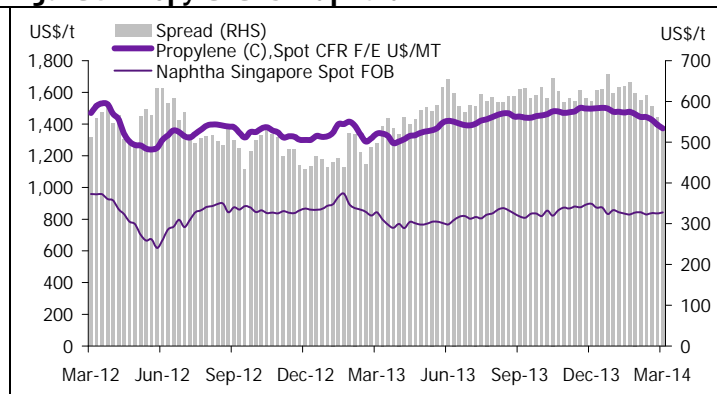
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Figure 2: Ethylene vs. Naphtha



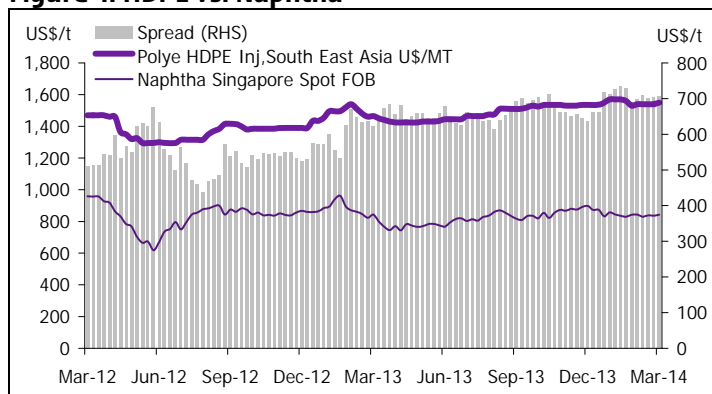
Source: Datastream, SCBS Investment Research

Figure 3: Propylene vs. Naphtha



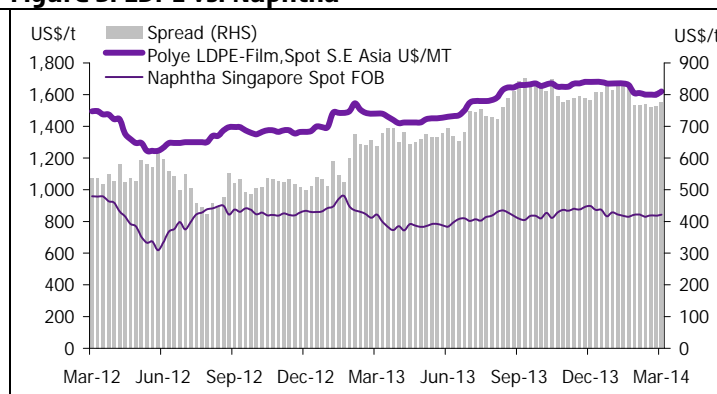
Source: Datastream, SCBS Investment Research

Figure 4: HDPE vs. Naphtha



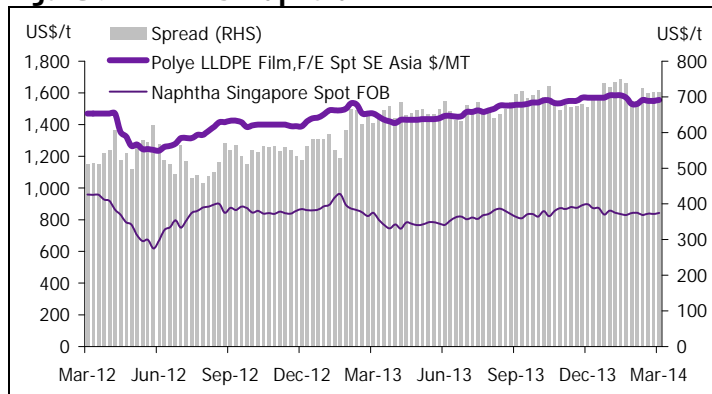
Source: Datastream, SCBS Investment Research

Figure 5: LDPE vs. Naphtha



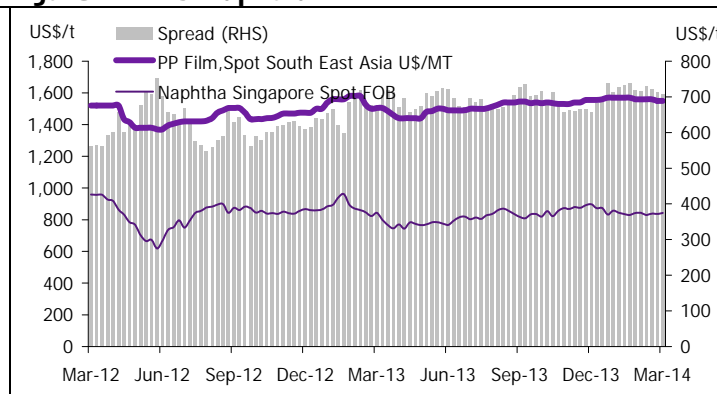
Source: Datastream, SCBS Investment Research

Figure 6: LLDPE vs. Naphtha



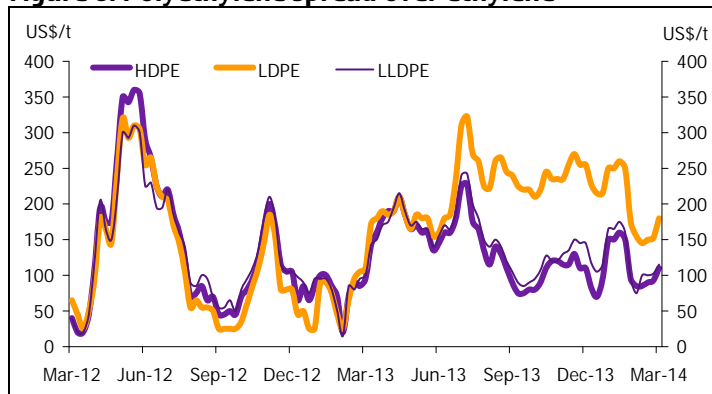
Source: Datastream, SCBS Investment Research

Figure 7: PP vs. Naphtha



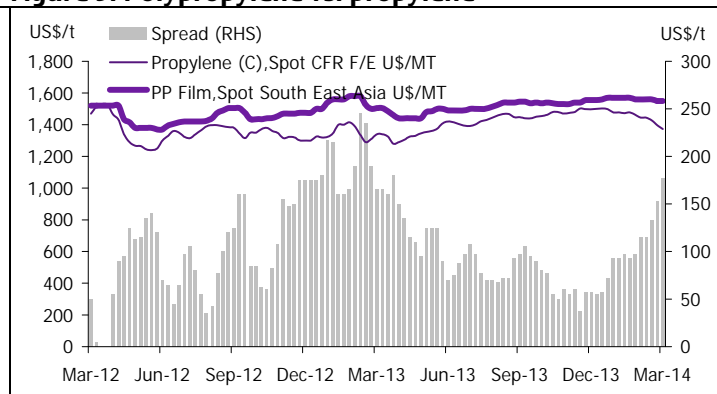
Source: Datastream, SCBS Investment Research

Figure 8: Polyethylene spread over ethylene

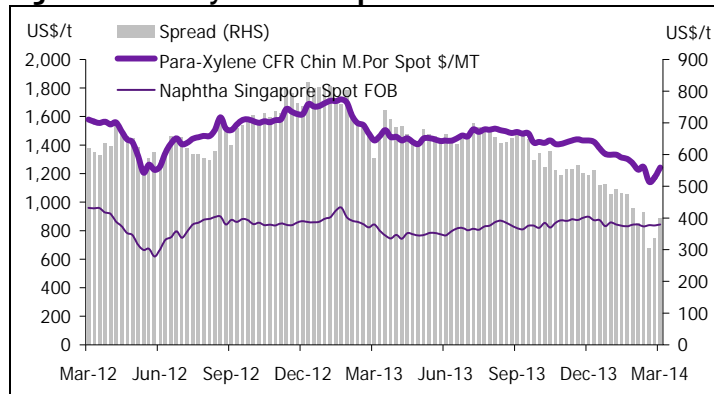


Source: Datastream, SCBS Investment Research

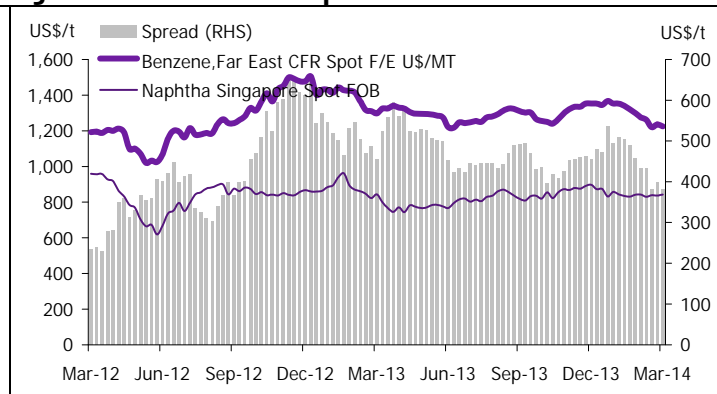
Figure 9: Polypropylene vs. propylene



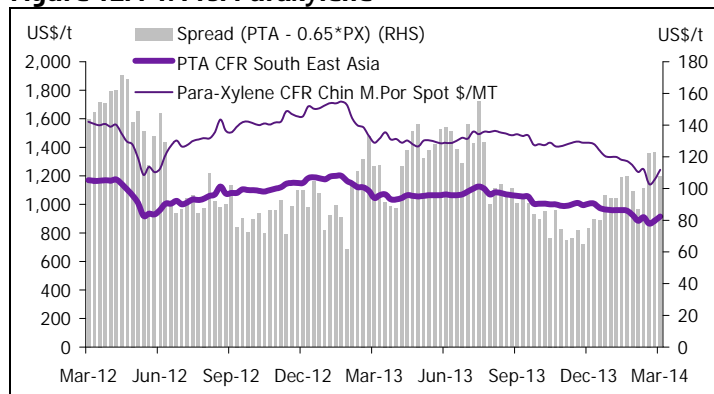
Source: Datastream, SCBS Investment Research

Figure 10: Paraxylene vs. Naphtha

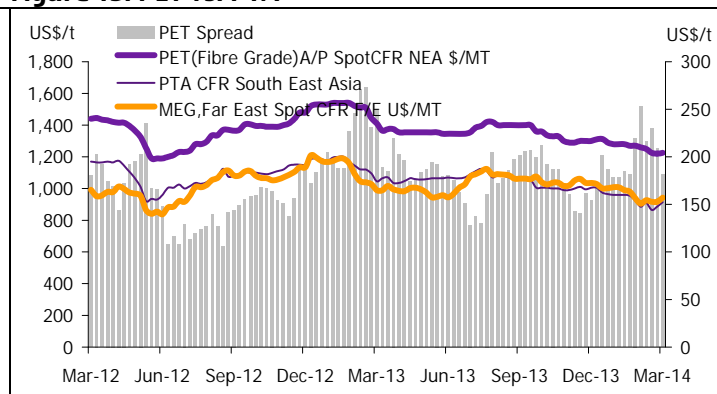
Source: Datastream, SCBS Investment Research

Figure 11: Benzene vs. Naphtha

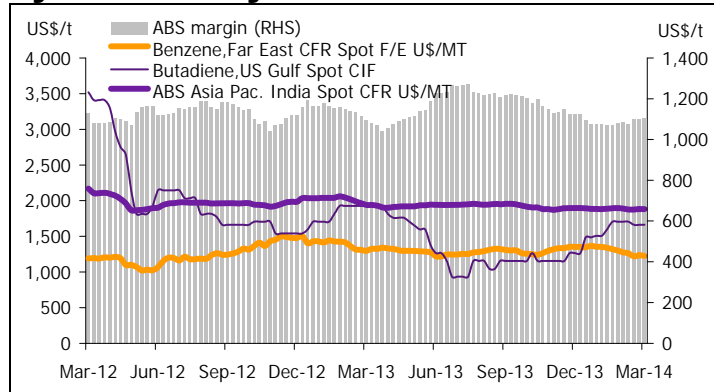
Source: Datastream, SCBS Investment Research

Figure 12: PTA vs. Paraxylene

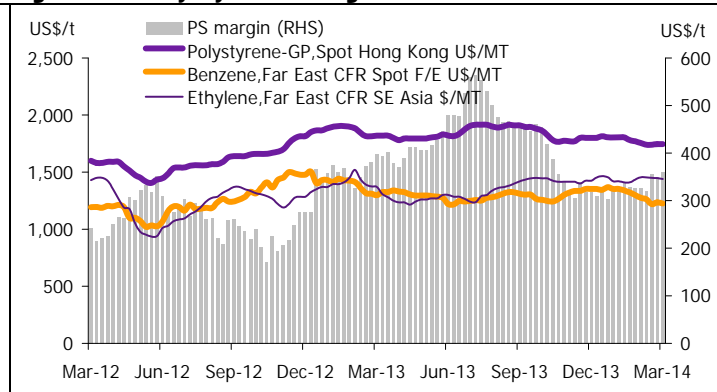
Source: Datastream, SCBS Investment Research

Figure 13: PET vs. PTA

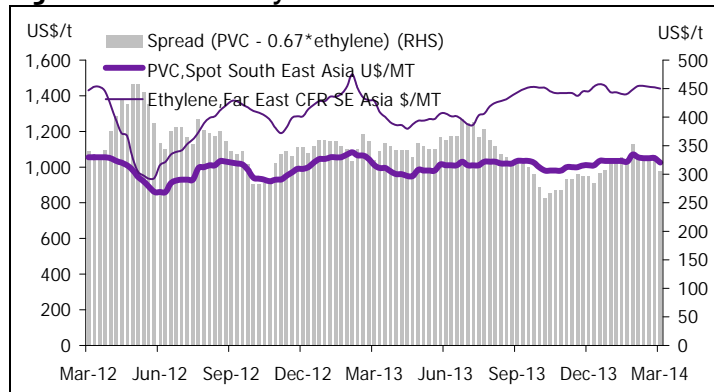
Source: Datastream, SCBS Investment Research

Figure 14: ABS margin

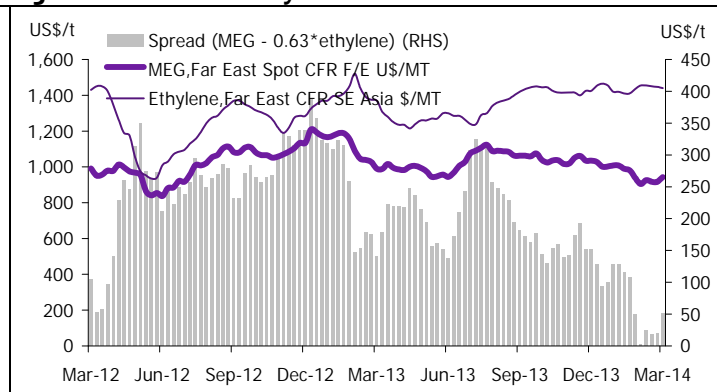
Source: Datastream, SCBS Investment Research

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	1,440	1,427	1%	1,440	1,363	1,320	→
			Propylene (C), Spot CFR F/E US/MT	1,458	1,472	-1%	1,458	1,426	1,370	↓
	HDPE	19%	Polye HDPE Inj, South East Asia US/MT	1,548	1,530	1%	1,548	1,496	1,440	↗
	LLDPE	7%	Polye LLDPE Film, F/E Spt SE Asia \$/MT	1,562	1,546	1%	1,562	1,508	1,480	→
	LDPE	4%	Polye LDPE-Film, Spot S.E Asia US/MT	1,642	1,664	-1%	1,642	1,579	1,490	→
	MEG	6%	MEG, Far East Spot CFR F/E US/MT	967	1,043	-7%	967	1,014	1,040	→
	PX	28%	PX - naphtha	442	577	-23%	442	588	568	→
IRPC	BZ	15%	BZ - naphtha	459	443	4%	459	470	398	↓
	Ethylene/Propylene	15%	Ethylene - naphtha	595	572	4%	595	538	498	→
			Propylene - naphtha	614	617	0%	614	601	548	↓
	HDPE	12%	HDPE - naphtha	704	675	4%	704	672	618	↗
	PP	28%	PP - naphtha	717	684	5%	717	697	668	→
	ABS	7%	ABS spread	1,087	1,169	-7%	1,087	1,151	n.a.	→
	BTX	23%	BZ - naphtha	459	443	4%	459	470	398	↓
SCC	PS	12%	PS spread	330	378	-13%	330	405	n.a.	↗
	HDPE	40%	HDPE - naphtha	704	675	4%	704	672	618	↗
	LDPE	3%	LDPE - naphtha	797	809	-2%	797	755	668	→
	LLDPE	3%	LLDPE - naphtha	717	691	4%	717	683	658	↗
	PP	25%	PP - naphtha	717	684	5%	717	697	668	→
	PVC	28%	PVC - Ethylene/EDC	420	521	-20%	420	455	n.a.	↓
TPIPL	LDPE	60%	LDPE - Ethylene	202	237	-15%	202	217	170	→
TOP	PX	60%	PX - naphtha	442	577	-23%	442	588	568	→
	BZ	21%	BZ - naphtha	459	443	4%	459	470	398	↓
IVL	PTA	25%	PTA - PX	100	78	28%	100	103	119	↗
	PET/Polyester	67%	PET spread	199	179	11%	199	184	n.a.	→
	MEG	8%								
VNT	PVC	63%	PVC - ethylene	320	289	11%	320	329	370	↓
TPC	PVC	100%	PVC - Ethylene/EDC	420	521	-20%	420	455	n.a.	↓

Source: Datastream, SCBS Investment Research

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