

## Petrochemical price monitor

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- **PE prices up WoW** for the first time in four weeks while ethylene price was unchanged WoW at US\$1,460/t. PE prices, especially LDPE and LLDPE, rose 0.3-0.6% WoW upon tight regional availability. We believe this was due to production cuts by non-integrated producers as spread over ethylene is slim. There were also some plant turnarounds: PTTGC's 300ktpa-LDPE plant in late April and Qatar-based Qatofin's 450ktpa-LLDPE plant in mid-April. This is a short-term positive for non-integrated producers like TPIPL, as LDPE-ethylene spread widened 6.7% WoW.
- **PX price still heading south**, falling 0.8% WoW to a 5-week low of US\$1,206/t as buyers slowed inventory buildup on expectations of further drop in PX price from the expected new supply. PX-naphtha spread also slid 6.4% WoW to only US\$337/t. Huge excess PX supply will remain the key negative factor throughout the year.
- **PET/PTA margin slipped on lower product prices.** Integrated PET/PTA spread fell 2.3% WoW on lower price of PTA (-1.1% WoW) and PET (-1.2% WoW) although feedstock cost dropped 0.8-1.2%. This was due to weak regional buying sentiment and poor polyester demand trend plus more PTA supply after ending maintenance shutdowns in late March. Price of PET bottle grade resin edged up 0.7% WoW in the Southeast Asian market due to limited product availability.

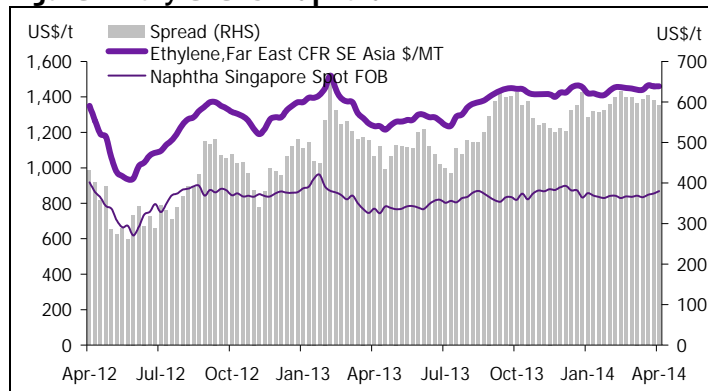
**Investment view:** Market concerns on weak 1Q14 performance for petrochemical companies continued to depress the sector index, down 1.1% WoW, led by PTTGC (BUY, TP: Bt92), and underperforming the SET (-0.1% WoW). We believe this is largely priced in, while ST outlook for olefins chain could benefit from the higher prices for PE products amidst more plant turnarounds in Asia. The MT view for olefins is intact given the industry's upcycle. We maintain our BUY rating for PTTGC.

Figure 1: Petrochemical price update

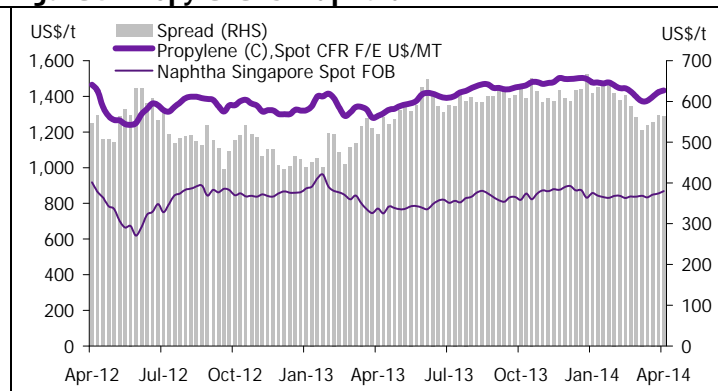
	Current 25-Apr-14	52-week High/Low	-1W	-1M	-3M	-6M	-12M	2Q14 QTD	1Q14	QoQ%	YTD	Chg.	%YoY	2014F projection
Price														
Naphtha Singapore Spot FOB	869	897/744	1.5%	3.1%	1.3%	5.9%	12.8%	852	844	0.8%	846	-6	-0.7%	822
Ethylene, Far East CFR SE Asia \$/MT	1,460	1,465/1,215	0.0%	1.4%	2.8%	1.0%	18.2%	1,456	1,440	1.2%	1,444	77	5.6%	1,320
Propylene (C), Spot CFR F/E US\$/MT	1,433	1,503/1,305	0.7%	4.4%	-3.0%	-1.5%	11.0%	1,407	1,458	-3.5%	1,446	109	8.2%	1,370
Polye HDPE Inj, South East Asia US\$/MT	1,550	1,570/1,425	0.3%	0.0%	-1.3%	1.6%	8.8%	1,546	1,548	-0.1%	1,548	82	5.6%	1,440
Polye LDPE-Film, Spot S.E Asia US\$/MT	1,620	1,680/1,425	0.6%	0.0%	-3.0%	-2.1%	14.1%	1,613	1,642	-1.8%	1,635	176	12.0%	1,490
Polye LLDPE Film, F/E Spot SE Asia \$/MT	1,565	1,585/1,430	0.6%	0.6%	-1.3%	1.6%	11.0%	1,558	1,562	-0.3%	1,561	95	6.5%	1,480
PP Film, Spot South East Asia US\$/MT	1,580	1,580/1,440	1.0%	1.9%	0.6%	2.9%	9.7%	1,564	1,562	0.1%	1,562	41	2.7%	1,490
Related stocks			PTTGC (+)   IRPC (+)   SCC (+)   TPIPL (+)											
Para-Xylene CFR Chin M. Por Spot \$/MT	1,206	1,515/1,143	-0.8%	-3.0%	-9.5%	-15.3%	-17.3%	1,215	1,286	-5.5%	1,270	-322	-20.2%	1,390
Benzene, Far East CFR Spot F/E US\$/MT	1,265	1,368/1,218	-0.6%	3.3%	-6.5%	0.8%	-4.9%	1,266	1,304	-2.9%	1,295	-88	-6.3%	1,220
Related stocks			PTTGC (-)   TOP (-)   ESSO (-)											
MEG, Far East Spot CFR F/E US\$/MT	915	1,124/905	-1.2%	-3.0%	-9.2%	-12.0%	-7.2%	928	967	-4.0%	957	-138	-12.6%	1,040
PTA CFR South East Asia	885	1,125/865	-1.1%	-3.3%	-7.8%	-11.9%	-14.5%	894	936	-4.5%	926	-205	-18.1%	1,050
PET (Fibre Grade)A/P Spot CFR NEA \$/MT	1,195	1,420/1,195	-1.2%	-2.4%	-6.6%	-12.1%	-11.8%	1,209	1,267	-4.6%	1,253	-225	-15.2%	n.a.
Related stocks			PTTGC (-)   IVL (-)											
ABS Asia Pac. India Spot CFR US\$/MT	1,895	1,955/1,870	0.0%	0.8%	0.5%	-1.0%	-0.3%	1,895	1,886	0.5%	1,888	-109	-5.4%	n.a.
Polystyrene-GP, Spot Hong Kong US\$/MT	1,750	1,915/1,740	0.0%	0.3%	-3.0%	-6.2%	-1.7%	1,750	1,778	-1.6%	1,771	-80	-4.3%	n.a.
Related stocks			IRPC (+)											
PVC, Spot South East Asia US\$/MT	1,030	1,070/950	0.0%	0.5%	-0.5%	3.0%	7.3%	1,024	1,040	-1.5%	1,036	4	0.4%	1,030
Related stocks			VNT (Neutral)   TPC (Neutral)											
Product spread														
Ethylene - naphtha	591	626/424	-2.2%	-1.0%	5.2%	-5.4%	27.2%	605	595	1.6%	597	83	16.1%	498
Propylene - naphtha	564	665/530	-0.5%	6.4%	-9.0%	-11.2%	8.4%	555	614	-9.5%	600	115	23.7%	548
HDPE - naphtha	681	735/615	-1.2%	-3.7%	-4.4%	-3.4%	4.0%	695	704	-1.3%	702	88	14.3%	618
LDPE - naphtha	751	851/643	-0.4%	-3.4%	-7.5%	-10.0%	15.6%	761	797	-4.5%	789	181	29.9%	668
LDPE - Ethylene	160	323/145	6.7%	-11.1%	-36.0%	-23.8%	-13.5%	156	202	-22.6%	191	99	106.7%	170
LLDPE - naphtha	696	750/633	-0.4%	-2.3%	-4.3%	-3.3%	8.8%	706	717	-1.6%	715	101	16.4%	658
PP - naphtha	711	740/657	0.3%	0.6%	-0.1%	-0.5%	6.2%	712	717	-0.7%	716	47	7.1%	668
PX - naphtha	337	697/304	-6.4%	-15.8%	-29.1%	-44.1%	-51.0%	364	442	-17.7%	423	-316	-42.7%	568
BZ - naphtha	396	581/381	-4.9%	3.6%	-19.9%	-8.9%	-29.2%	414	459	-9.8%	449	-82	-15.4%	398
MEG - Ethylene	10	324/2	-54.0%	-80.5%	-92.3%	-93.2%	-95.5%	25	74	-66.2%	62	-186	-74.8%	222
PTA - PX	101	155/65	-3.3%	-5.5%	8.0%	26.2%	15.7%	104	100	4.2%	101	4	4.3%	119
PET spread	184	253/128	-1.7%	1.8%	3.4%	-13.0%	-9.0%	187	199	-6.1%	196	-17	-7.9%	n.a.
Integrated PET/PTA spread	286	352/211	-2.3%	-1.0%	5.0%	-2.3%	-1.6%	291	299	-2.6%	297	-13	-4.1%	n.a.
ABS spread	1,090	1,272/1,070	0.3%	-1.2%	1.2%	-9.3%	3.3%	1,096	1,087	0.8%	1,089	-41	-3.6%	n.a.
PS spread	327	565/303	1.8%	-9.0%	0.8%	-28.0%	-11.8%	328	330	-0.7%	330	-33	-9.1%	n.a.
PVC - ethylene	300	398/258	0.0%	-1.6%	-7.7%	8.1%	-12.4%	296	320	-7.6%	314	-34	-9.9%	370

Source: Datastream, SCBS Investment Research

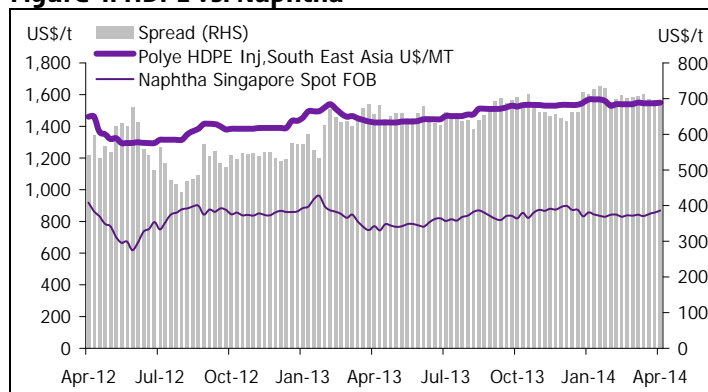
Note: Impact to related stocks is based on WoW performance

**Figure 2: Ethylene vs. Naphtha**

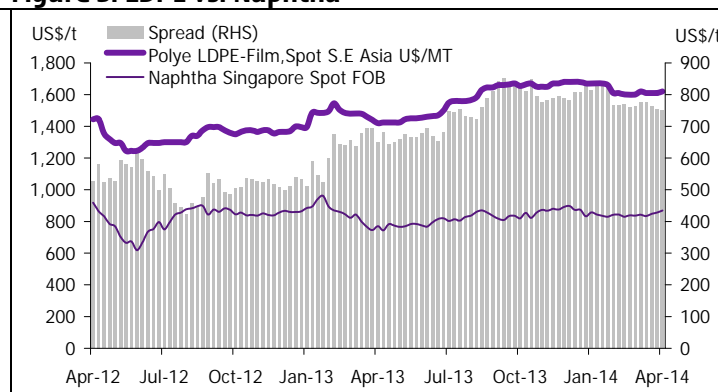
Source: Datastream, SCBS Investment Research

**Figure 3: Propylene vs. Naphtha**

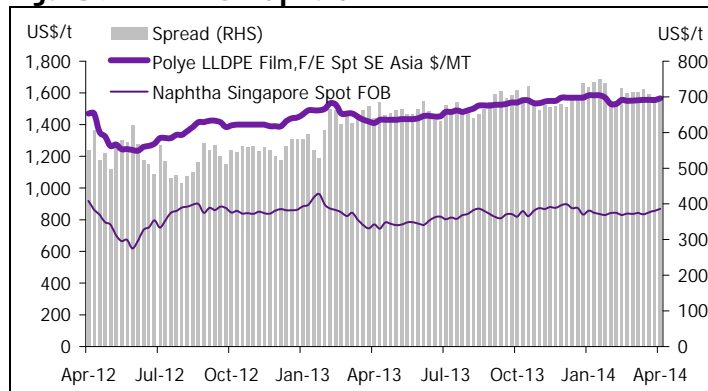
Source: Datastream, SCBS Investment Research

**Figure 4: HDPE vs. Naphtha**

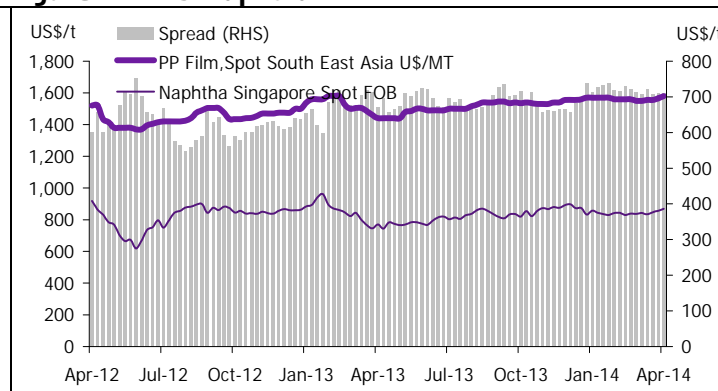
Source: Datastream, SCBS Investment Research

**Figure 5: LDPE vs. Naphtha**

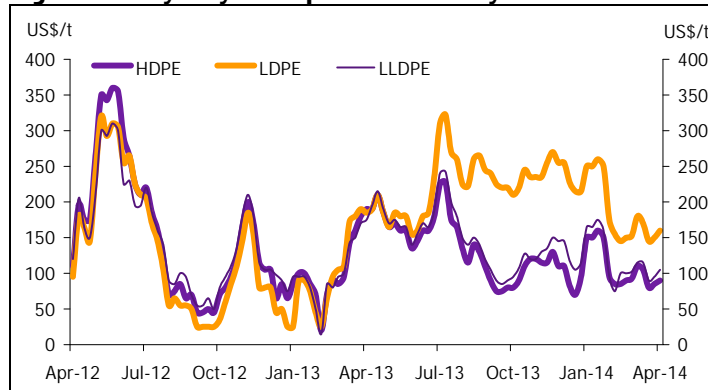
Source: Datastream, SCBS Investment Research

**Figure 6: LLDPE vs. Naphtha**

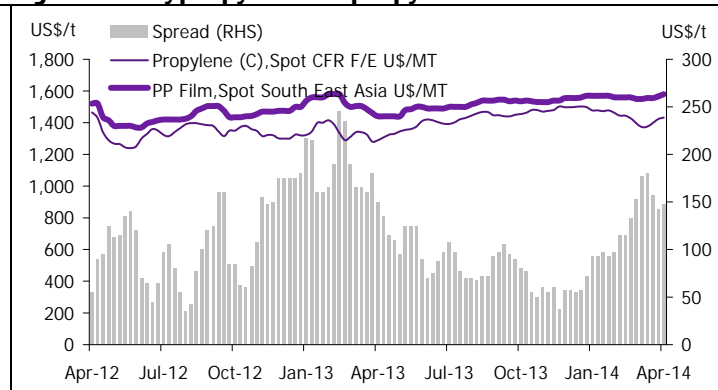
Source: Datastream, SCBS Investment Research

**Figure 7: PP vs. Naphtha**

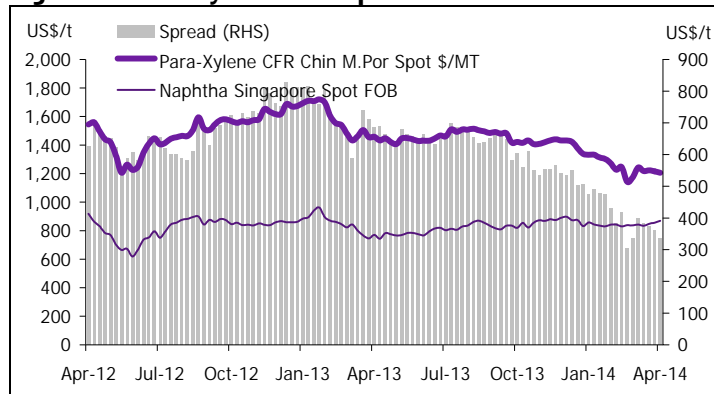
Source: Datastream, SCBS Investment Research

**Figure 8: Polyethylene spread over ethylene**

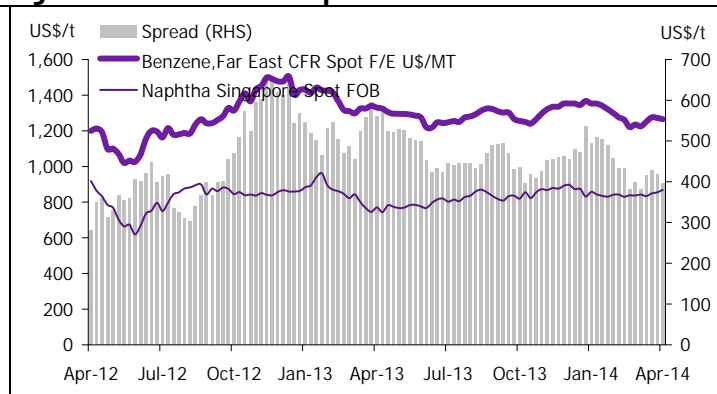
Source: Datastream, SCBS Investment Research

**Figure 9: Polypropylene vs. propylene**

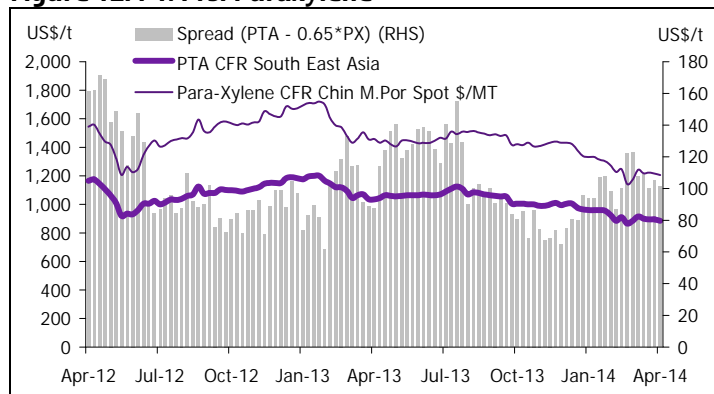
Source: Datastream, SCBS Investment Research

**Figure 10: Paraxylene vs. Naphtha**

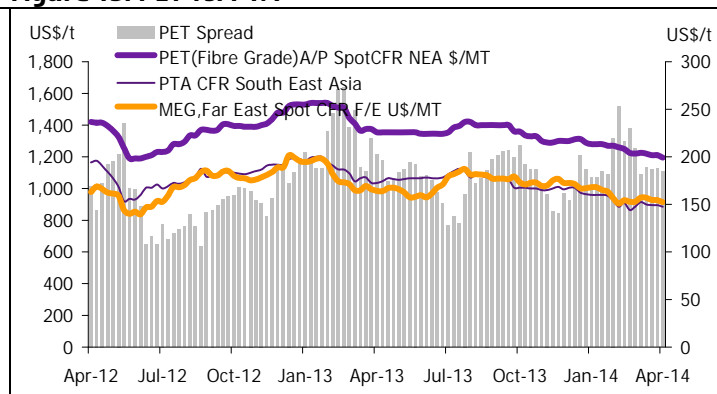
Source: Datastream, SCBS Investment Research

**Figure 11: Benzene vs. Naphtha**

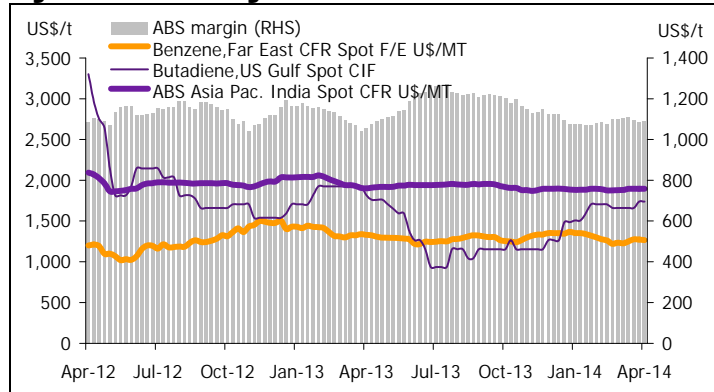
Source: Datastream, SCBS Investment Research

**Figure 12: PTA vs. Paraxylene**

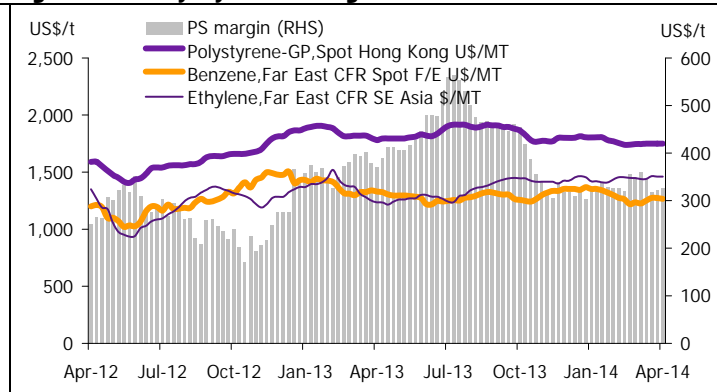
Source: Datastream, SCBS Investment Research

**Figure 13: PET vs. PTA**

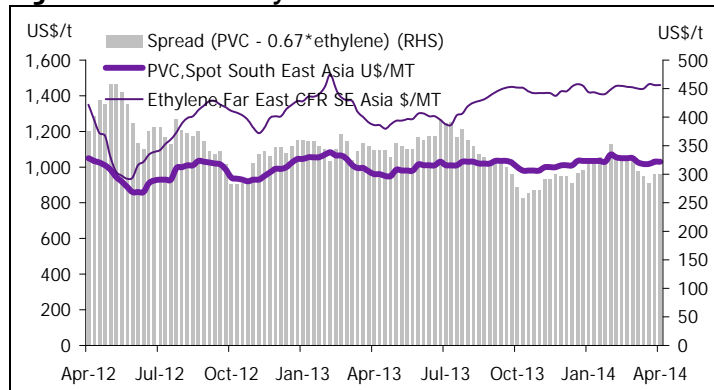
Source: Datastream, SCBS Investment Research

**Figure 14: ABS margin**

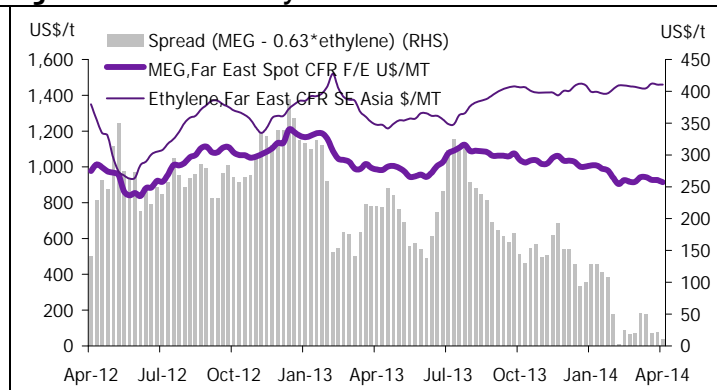
Source: Datastream, SCBS Investment Research

**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	2Q14 QTD	1Q14	QoQ%	YTD	12MMA	2014F projection	Momentum
PTTGC	Ethylene/Propylene	21%	Ethylene, Far East CFR SE Asia \$/MT	1,456	1,440	1%	1,444	1,377	1,320	↗
			Propylene (C), Spot CFR F/E US/MT	1,407	1,458	-4%	1,446	1,433	1,370	→
	HDPE	19%	Polye HDPE Inj, South East Asia US/MT	1,546	1,548	0%	1,548	1,505	1,440	→
	LLDPE	7%	Polye LLDPE Film, F/E Spt SE Asia \$/MT	1,558	1,562	0%	1,561	1,518	1,480	→
	LDPE	4%	Polye LDPE-Film, Spot S.E Asia US/MT	1,613	1,642	-2%	1,635	1,592	1,490	→
	MEG	6%	MEG, Far East Spot CFR F/E US/MT	928	967	-4%	957	1,009	1,040	↘
	PX	28%	PX - naphtha	364	442	-18%	423	562	568	↘
IRPC	BZ	15%	BZ - naphtha	414	459	-10%	449	459	398	→
	Ethylene/Propylene	15%	Ethylene - naphtha	605	595	2%	597	547	498	→
			Propylene - naphtha	555	614	-10%	600	602	548	→
	HDPE	12%	HDPE - naphtha	695	704	-1%	702	674	618	↘
	PP	28%	PP - naphtha	712	717	-1%	716	697	668	→
	ABS	7%	ABS spread	1,096	1,087	1%	1,089	1,154	n.a.	→
	BTX	23%	BZ - naphtha	414	459	-10%	449	459	398	→
SCC	PS	12%	PS spread	328	330	-1%	330	401	n.a.	→
	HDPE	40%	HDPE - naphtha	695	704	-1%	702	674	618	↘
	LDPE	3%	LDPE - naphtha	761	797	-5%	789	761	668	↘
	LLDPE	3%	LLDPE - naphtha	706	717	-2%	715	687	658	↘
	PP	25%	PP - naphtha	712	717	-1%	716	697	668	→
	PVC	28%	PVC - Ethylene/EDC	384	420	-9%	411	445	n.a.	→
TPIPL	LDPE	60%	LDPE - Ethylene	156	202	-23%	191	215	170	↘
TOP	PX	60%	PX - naphtha	364	442	-18%	423	562	568	↘
	BZ	21%	BZ - naphtha	414	459	-10%	449	459	398	→
IVL	PTA	25%	PTA - PX	104	100	4%	101	104	119	→
	PET/Polyester	67%	PET spread	187	199	-6%	196	183	n.a.	↗
	MEG	8%								
VNT	PVC	63%	PVC - ethylene	296	320	-8%	314	325	370	→
TPC	PVC	100%	PVC - Ethylene/EDC	384	420	-9%	411	445	n.a.	→

Source: Datastream, SCBS Investment Research

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