

Supply of VAM could tighten further on Kuraray's acquisition of DuPont's glass and vinyls business plus turnarounds

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The US acetyls chain should see more price increases and significant maintenance activity in the first and second quarters of the new year.

Most of the pricing talk centers on vinyl acetate monomer (VAM), with recent increases in spot prices thought to be just a glimpse of bigger moves that sources see on the horizon for that market in early 2014.

"The mess is going to be in January," said a Latin American buyer, referring to a price jump of \$50-100/tonne anticipated by some as a result of VAM plant closings in Europe and a possible, if not likely, tightening of supply in the US.

Two plant closings in the UK and Spain in late 2013 set off what Latin American VAM watchers see as a chain reaction.

Tightening supply in Europe will require more material from the US, which also exports to Latin America.

KURARAY IMPACT

US domestic VAM supply could also tighten because of DuPont's recent deal to sell its glass and vinyls business to Japan-based Kuraray.

Speculation among industry sources holds that the deal could reduce the supply of VAM in the merchant market because Kuraray might use most of the material from DuPont's US VAM unit in La Porte, Texas, for internal use. Kuraray will own the plant as part of the deal. A Latin American seller said the deal should reduce the number of suppliers and cause prices to rise.

"And that's good for the business," the seller said.

A number of plant turnarounds could also move prices higher, at least temporarily. Celanese CEO Mark Rohr jokingly referred to them in a conference call as "a couple of big pokes in the eye" in the first two quarters of 2014.

"Yes, in the first half of the year, you're going to see a couple of big turnarounds," Rohr said.

The Celanese CEO did not name any plants, but historically the spring and early summer months have been a popular season for maintenance work at US VAM and acetic acid plants.

In 2013, DuPont, LyondellBasell and Dow Chemical did maintenance at Texas VAM units, and Celanese conducted maintenance at an acetic acid plant near Houston in June and July.

SOURCE *Icis Chemical News*