China methyl-A may fall as tight supply eases, demand weakens

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Methyl acrylate (methyl-A) prices in east China are likely to fall in the near term, as the tight supply that drove up prices last week should ease soon as major facilities resume production, industry sources said on Wednesday.

Demand may also weaken and weigh on the market, they said.

On 3 December, methyl-A prices were assessed at yuan (CNY) 17,000-17,500/tonne ($2,791-2,874/tonne) DEL (delivered) east China, representing a 7.8% increase from 22 November, according to Chemease, an ICIS service in China.

From early November, prices spiked by around 22% on the back of tight supply, according to the data.

Domestic supply of methyl-A in China is tight as most major domestic producers have kept low run rates on scarce availability of feedstock acrylic acid (AA) in recent months, partly on production issues at AA plants, market sources said.

Demand for AA from its main downstream - the super absorbent polymers (SAP) sector - also typically peaks from November to January, market sources said.

In Jiangsu province, Jiangsu Jurong Chemical is running its 40,000 tonne/year methyl-A plant at Yancheng at less than half the unit’s capacity, a source close to the company said.

The company, which is a major producer in China, hiked its methyl-A prices twice in late November by a total of CNY2,500/tonne to CNY17,000/tonne, market sources said.

Another methyl-A major BASF-YPC Co Ltd is operating its 55,000 tonne/year in Nanjing at less than 50%, a source close to the company said.

In Shandong province, Kaitai Petrochemical Co also adjusted up its product prices by CNY1,000/tonne to CNY17,000/tonne DEL on 27 November, market sources said.

But supply conditions are expected to improve in the coming weeks, as major facilities have restarted, while some are planning to ramp up production.

Shandong Kaitai Petrochemical is currently running its 5,000 tonne/year methyl-A plant at 50% of capacity and expects to ramp up production to 80% this week, a company source said.

Its facility resumed operation on 25 November after completing a regular maintenance. The plant’s output is for captive use of Shandong Kaitai’s acrylic fibres production, the source said.

In Zhejiang province, meanwhile, two major methyl-A plants with a combined capacity of 65,000 tonnes/year came back on line in end-November.

Formosa Plastics Corp’s (FPC) 40,000 tonne/year plant at Ningbo and Zhejiang Satellite Petro Chemical’s 25,000 tonne/year facility at Jiaxing are currently running at around 70% and 50% of capacity, respectively, according to sources from the two companies.

These two plants had to shut operations on shortage of feedstock acrylic acid (AA), market sources said.

Meanwhile, some downstream end-users switched to using butyl acrylate (butyl-A) and ethyl acrylate (ethyl-A) as feedstocks instead of methyl-A, which is getting more expensive, market sources said.

Methyl-A has applications in the textile sector.

On 3 December, butyl-A prices at CNY15,400-15,500/tonne DEL east China and ethyl-A at CNY14,500-14,600/tonne DEL east China are 10-16% cheaper than methyl-A, according to Chemease data.

Sufficient supply of these alternative feedstocks are available, as production of butyl-A and ethyl-A require less AA compared with that of methyl-A, market sources said.

Producing a tonne of methyl-A will need 910 kilograms (kg) of AA, while a tonne of ethyl-A requires 720kg of AA, and even less at 610-620kg to make a tonne of butyl-A, industry sources said.

Some downstream end-users had to resort to feedstock substitution because of the shortage of methyl-A in the domestic market.

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