

OUTLOOK '17: Asia MMA markets likely stable; eyes on supply

DATE : 2016-12-26

Spot methyl methacrylate (MMA) markets in Asia are poised to hold stable going into 2017 on expectations that supply will stay snug and demand steady, producers and industry players said.

MMA prices have registered substantial gains in the last quarter of 2016, bolstered by a persistent tight supply situation in the Asia-Pacific region.

This was in part triggered by a combination of plant shutdowns, both planned and unplanned, along with a steady flow of enquiries for regional MMA cargoes.

The MMA availability shortfall has had a trickle-down effect on downstream polymethyl methacrylate (PMMA) markets. PMMA production was affected due to shortage of raw material supply.

Meanwhile, term and frame contract negotiations for 2017 were ongoing at the time of writing, while overall market sentiment was optimistic.

"There are no additional [MMA plant] capacities coming up yet at least for the first-half of 2017 ... so the market will still be tight," a southeast Asia-based market source said.

"Maybe there will be [price] fluctuations along the way, depending on seasonal demand ... but a stable to firm trend is likely," the source said.

There were market participants who envisage potential MMA growth in cast sheet and emulsion resins applications.

The market took heart from steady markets, at least in China. The country's official manufacturing purchasing managers' index (PMI) rose a two-year high of 51.7 in November, up from 51.2 in October.

The PMI is a barometer of an economy's manufacturing activities, with a reading of 50 or higher indicating an expansion, while a number below that denotes a contraction.

"Some customers asking for December [MMA] supplies ... maybe they anticipate prices to go up, so the tight situation will likely continue," a northeast Asia-based market source said.

A second southeast Asia-based source said: "The first half [2017] shouldn't be as tight as currently but spot [supply] may not be as easy to get."

New MMA plant capacities are expected to come on stream near the third quarter of 2017, but there might be possible delays. The actual impact on market fundamentals is difficult to ascertain for now, market sources said.

"The start-up [of a new plant] is one thing ... producing on-spec material commercially is another," a separate southeast Asia-based market source said.

In Saudi Arabia, a 250,000 tonne/year MMA facility is due to come on stream in 2017. The plant is a joint venture (JV) between Mitsubishi Rayon Co and SABIC.

Their downstream 40,000 tonne/year PMMA plant is also set to come on stream in the second half of 2017.

Meanwhile, construction of Petro Rabigh's new 90,000 tonne/year MMA plant, also in Saudi Arabia, is scheduled to be completed next year, market sources said.

[Petro Rabigh](#) is a joint venture between Japan's Sumitomo Chemical and Saudi Aramco.

MMA is used as a raw material in the production of PMMA resins, a type of engineering plastic.

Source Icis News