

Lucite International force majeure adds to Europe MMA shortage

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Lucite International declared force majeure this week, adding to the supply shortness in the European methyl methacrylate (MMA) market, sources said on Friday.

The plant is in the process of restarting, with it currently unclear when normal running rates will be achieved. Demand remains strong, and many buyers are unable to obtain enough product to meet requirements.

Plastics demand is reasonable, with continued growth from the automotive sector, albeit at a lower rate than last year. Some polymethyl methacrylate (PMMA) buyers are looking at other products, because of the sharp increase in prices.

Third-quarter PMMA contract negotiations have started early, with significant increases being discussed so far. Evonik issued a press release last week saying it was targeting a 23% increase for PMMA for Q3 contracts.

Coatings demand is at the high point of the year, with the seasonal uptick at a reasonable level this year.

However, supply constraints continue to dominate discussions, with many players expecting continued tightness into late 2017.

Buyers are particularly concerned about supply at the end of May, with gaps in production heightened because of the Lucite force majeure.

While some buyers turned to other producers, following the Lucite announcement, others said looking for alternative product was futile, with none available.

Prices in Asia rose in the aftermath of the news, with Asian producers looking to Europe in pursuit of higher netbacks.

The impact on European spot prices was unclear, with no confirmed business heard this week, despite traders saying they received an increase in requests.

May contract negotiations continue, with triple-digit price increases once again being discussed.

The level of the increases targeted by some sellers were lower than in previous months, which could be linked to the stability in feedstock prices.

Contract negotiations continue and are expected to be ongoing for the next few weeks.

April contract prices settled at an increase of €150-200/tonne, bringing the range to €2,250-2,395/tonne FD (free delivered) NWE (northwest Europe)

Q2 MMA prices are at €1,950-2,030/tonne FD NWE, an €300/tonne increase from the first quarter.

MMA is used in the manufacture of acrylic sheet, surface coatings, emulsion polymers and adhesives.

Source Icis News