

US acrylic acid orders rise after hurricane

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Rainwater from Hurricane Harvey surrounds Marathon Petroleum Corp oil refinery storage tanks in this aerial photograph taken above Texas City, Texas, US on Wednesday. Photo: VCG

US orders for China's acrylic acid products increased in the past several days, as major chemical plants in Texas had to close facilities that were affected by Hurricane Harvey, companies told the Global Times on Thursday. These companies as well as industry experts predicted the price of acrylic acid products will likely rise as a result of the combined effect of the influx of overseas orders and domestic plants' low operation rate.

Acrylic acid is traditionally used as the raw material for acyclic esters. Applications for water-based acrylics include adhesives, paper, leather coatings and tablet coatings.

As Harvey, which became a tropical storm, continues to hammer Texas, the US' center for petrochemical plants and refineries, several major US acrylic acid plants are suspending operations.

BASF, American Acryl and Arkema Inc said they had shut their facilities as a precautionary measure. As of Wednesday, the shutdowns involved production capacity of 710,000 tons a year, which represents 59 percent of the country's whole production capacity of acrylic acid, a report on industry website chem99.com said on Wednesday.

Dow Chemical Co reduced its operation rate to 60 percent to 70 percent, and its logistics operations have also been affected, chem99.com noted.

Since the output of acrylic acid in the US may be seriously affected for some time by the storm, China's exports of the product to the US are expected to increase, according to a report released by BOC International on Thursday.

A staff member surnamed Li at a leading acrylic acid company in East China told the Global Times on condition of anonymity that his company began to receive more orders from the US clients two days ago and the same happened with other companies in the industry.

"Not only many US clients are placing orders from our company, clients from other countries, who usually purchase acrylic acid from the US, began to make inquiries to us," he said, noting the company's exports to the US market had been flat this year before the hurricane.

However, an employee of Formosa Acrylic Esters (Ningbo) Co, who declined to be identified, said that the impact of the storm in Texas will not likely influence Chinese acrylic acid too much, as the natural disaster will end in a few days.

"No doubt, China's exports of acrylic acid to the US will increase in the short term, but we have to be aware that some producers will ramp up prices to take advantage of the situation," he warned.

At present, China accounts for 38 percent of global acrylic acid production capacity and North America 18 percent. Domestic leading acrylic acid plants include Zhejiang Satellite Petrochemical Co, Shanghai Huayi Company and Wanhua Chemical in East China's Shandong Province.

Wanhua Chemical declined to comment when reached by the Global Times on Thursday.

The price of acrylic acid products is likely to rise in the near future, mainly due to short supplies caused by a combination of the shutdown of some US plants and domestic environmental protection checks, Wu Chenhui, a Beijing-based independent industry analyst, told the Global Times on Thursday.

Li said that the acrylic acid industry has been operating at a low rate in recent months, as the plants' production equipment must be overhauled and inspected on a regular basis.

Chem99.com estimated the output of butyl acrylate, a kind of acrylic acid compound, may have declined 10 percent in August to 99,000 tons in the domestic market, which, together with increasing overseas orders, will boost prices.

In August, the price of butyl acrylate increased 14.6 percent to about 11,000 yuan (\$1,667) per ton in China, data from Beijing-based bulk commodity information supplier JLC showed on Thursday.

Source Global Time