

US acrylates supply-control measures continue after Harvey

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Supply concerns in the US acrylic acid and acrylates esters markets have eclipsed September price discussions for now, sources said, as buyers sought to ensure continued supply from producers affected by Hurricane Harvey.

While supply was foremost on the minds of buyers questioned after Harvey, a couple of customers said their suppliers have not cancelled orders confirmed before the storm, though there have been and will likely continue to be delays.

On Wednesday, Dow Chemical issued a letter to customers, increasing lead times by 10 days for all of its US monomer orders, including transit time, citing logistics constraints stemming from Harvey.

In the meantime, producers maintained volume-control measures this week:

- * BASF continued force majeure on its acrylates and oxo-alcohols

- * Arkema continued force majeure on its acrylates

- * Dow Chemical continued 100% order control on its acrylates and other products

One producer said its operations were "limping back to normal," with some truck and rail shipments resuming, production still at minimal levels and Houston-area ports having re-opened.

A second producer confirmed that its production rates were reduced to avoid exceeding containment capacity until shipping resumed.

Additionally, Arkema confirmed that the American Acryl plant in Bayport, Texas – its joint venture with Nippon Shokubai subsidiary NA Industries – was restarting following its closure ahead of Harvey's landfall.

Tightened supply is expected to exert upward pressure on September free-market acrylates pricing. A seller said propylene increases in July and August would add to that pressure.

The seller also suggested October acrylates would move up on September propylene, which is being pressured higher.

But the US propylene contract price increased by a total of 1 cent/lb (\$22/tonne) during July and August, which buyers have described as inconsequential.

No changes in US Gulf acrylates export spot ranges were heard this week, partly on a lack of material available for export during current domestic supply strictures, two producers said.

August rollovers held the ethyl acrylate (ethyl-A) range at 88-94 cents/lb FD (free delivered), as assessed by ICIS.

Acrylates are commonly used to make products including paint and coatings, plastics and construction and pressure-sensitive adhesives.

US acrylates suppliers include Arkema, BASF, Dow and Sasol.

Source Icis News