

## **Asian ethylene-naphtha spread sinks to four-month low**

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The spread between ethylene and naphtha prices in Asia sank \$35.63/mt day on day to be calculated at \$601.50/mt Tuesday, the lowest level since January 18, 2017, when it was at \$593.88/mt, S&P Global Platts data showed.

But the spread is still higher than a typical breakeven spread of \$350/mt.

The price spread has been narrowing since early May in tandem with fast-falling ethylene prices.

On Tuesday, the CFR Northeast Asia ethylene marker fell \$40/mt day on day to be assessed at \$1,060/mt -- the lowest level since November 30, 2016, when it was assessed at \$1,050/mt.

Margins for some ethylene derivatives turned positive in the middle of May, as spot ethylene prices fell.

Styrene monomer production margins for one, turned positive on May 17 and remained positive on Tuesday at \$12.70/mt, Platts data showed.

Still, this failed to trigger any significant upside to the spot ethylene market, as persistent deepsea supply from places such as Japan and the US continued to weigh heavily on supply.

On Tuesday, a spot cargo from Iran was heard sold at a range of \$1,030-\$1,040/mt on a CFR China basis, lower than a deal done level heard last week at \$1,080/mt CFR China.

Market sources said the Asian ethylene market would likely remain bearish as ethylene production in Asia is seen normalizing after steam cracker turnaround season in the region.

In South Korea, Korea Petrochemical Industry Co. plans to restart its sole naphtha-fed steam cracker in Onsan around the end of May after completing an annual maintenance that started mid-April, Platts reported earlier.

During the shutdown, the steam cracker's ethylene production capacity will be raised to 800,000 mt/year from 470,000 mt/year, and propylene output to 500,000 mt/year from 230,000 mt/year.

In Japan, Asahi Kasei Mitsubishi Chemical Ethylene Corp. plans to restart its 495,000 mt/year naphtha-fed steam cracker in Mizushima on July 3, from an ongoing annual maintenance that started May 10, Platts reported previously.