

Asian naphtha cracks at near 5-month low on weaker demand, firmer crude

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The benchmark CFR Japan naphtha crack against ICE Brent futures is hovering at close to a five-month low this week amid faltering demand for both light and heavy grades and strength in underlying crude markers.

The crack value of CFR Japan physical naphtha on a 45-60 days forward delivery basis against March ICE Brent futures stood at \$83.825/mt at Wednesday's close and at \$83.550/mt Tuesday, S&P Global Platts data showed.

It was lower on August 28 last year at \$83.350/mt.

The cracks for the second line trading cycle hit a two-year high of \$122.95/mt November 10 when North Asian buyers rushed to buy naphtha ahead of year-end holidays, before slumping in early January as demand for gasoline blending waned.

Front-month ICE Brent futures have averaged \$69.41/b over the past five trading sessions in Asia, up sharply from \$62.59/b over the first half of November, narrowing the cracks margin.

Two sources said North Asian naphtha buyers had adopted a wait-and-see approach at present as they had no real requirements ahead of scheduled turnarounds.

In Japan, Tosoh Corp.'s naphtha-fed steam cracker in Yokkaichi and Showa Denko's naphtha-fed steam cracker in Oita, and in South Korea GS Caltex's naphtha splitter in Yeosu, are due to undergo annual maintenance around March.