

BRASKEM SAYS PE, PP PRODUCTION DIPS 4% IN Q4 ON PLANT STOPPAGE, DULL DEMAND

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Braskem's polyolefins production in the fourth quarter of 2015 fell 4% compared with the previous quarter as a result of a plant shutdown and weaker demand, Brazil's largest petrochemical producer said Thursday.

Production of polyethylene and polypropylene totaled just over 1 million mt in the fourth quarter, Braskem said during an earnings call. This was down 46,000/mt, or 4%, from the third quarter, but mostly stable year on year.

Braskem's Q4 PVC production totaled roughly 147,000 mt, up 10% from 133,000 mt in Q3 and down 3% from 152,000 mt in the year-ago quarter, due to the weak construction market in Brazil, it said.

The company ran its steam crackers, which produce olefins for the production of resin, at 83% of capacity in the Q4, down 9 percentage points lower from the Q3 and 3 percentage points lower than in Q4 2014.

Braskem attributed the utilization decrease to the early October fire at its industrial unit located at the Capuava Petrochemical Complex in Maua, Greater Sao Paulo, which shut the unit for 39 days until operations resumed in late November.

"Excluding this incident, the utilization rate in Q4 2015 would have been 91%, in line with previous quarters," Braskem said in its earnings results. The lower levels of feedstock prices led to a partial recovery in the competitiveness of naphtha-fed crackers compared to gas-fed ones, "which supported the better performance of the complexes in Bahia and Rio Grande do Sul, which offset the incident at site in Sao Paulo and the lower supply at the Rio de Janeiro cracker."

Year on year, Brazilian demand for resins (PE, PP and PVC) was approximately 4.9 million mt, down 7.6% from 2014.

Braskem said the poor performance was heavily impacted by the weak Brazilian economy in 2015.