

US monoethylene glycol firms to one-year high on stronger Chinese prices

Platts.com, 12th Dec 2016

The surging pricing in China has applied upward pressure to US monoethylene glycol, but sparse spot availability has limited the opportunities to take advantage of an arbitrage, sources said.

US spot MEG reached 31.50-32.50 cents/lb (\$694-\$716/mt) FOB USG on Friday, the highest level since reaching that same point on December 4, 2015, S&P Global Platts data showed.

Chinese MEG pricing has gained \$147 since the start of the month, rising to a 17-month high of \$891/mt CFR China, Platts data showed.

A more bullish outlook supported by the recently higher crude prices and strong futures markets have pushed Chinese MEG pricing upward, sources in the region said.

"I think a lot of us would like to take advantage of the higher prices in China, but it's tough to find availability," a source said.

Material for export out of the US in December appears sold out, sources said. Negotiations have shifted to January export material, when many market participants in China will be observing the Lunar New Year holidays.

In addition to the stronger Chinese pricing, antifreeze demand has shown signs of strengthening in recent weeks amid colder weather in the US, sources said.