The 2020 Review of Polymer Markets: Supply has the final say despite pandemic

By Esra Ersoz and Basak Ceylan

DECEMBER 2020
## Table of Contents

### A quick look at 2020...

- Highlights from 2020  
- Before end of H1, polymer markets mostly saw their 11-year lows  
- Markets riddled with supply concerns in H2, bullish run in play  
- PVC was the shining star of 2020 after years of low prices  
- LDPE was the second-best in terms of price gains  
- PET beared the brunt of the pandemic  
- Reflection on economies: Will Q4 fare better too?  
- Polymer trade: Was it hit hard? Not for everyone  
- Q4 2020: Not like previous years despite second-wave  
- What was the big industrial news for petchems in 2020?  

### PP 2020 in a Nutshell

- **PP Highlights**  
- China: PP gained more than what it lost  
- Southeast Asia: Tight supplies gained prominence  
- Europe: Failed to compensate pandemic-related falls  
- Turkey: Uptrend lasted longer than downtrend  
- Middle East: Faced delayed recovery  
- Egypt: PP markets pared losses  
- Africa: Nigeria local prices bucked the trend  

### PE 2020 in a Nutshell

- **PE Highlights**  
- China: After brief Q1 falls, PE defied pandemic  
- SEA: In pursuit of China  
- Europe: LDPE regained premium after 2 years  
- Turkey: Swing from 11-year lows to 2-year highs  
- Middle East: Suffered less and recovered quickly  
- Egypt: Under shadow of China  
- Africa: Hefty hikes drove Nigeria market to 3-year high
PVC 2020 in a Nutshell

PVC Highlights

China, Southeast Asia and India: Import offers climb above $1000 after 6 years
Europe: PVC upside lagged behind the rest of the world
Turkey: Longest rising streak of 7 months
Egypt: From 11-year lows to 12-year highs

PET 2020 in a Nutshell

PET Highlights

China and Southeast Asia: Peak season failed to deliver. Any light at the end of the tunnel?
Europe: To take a respite from decade-lows?
Turkey: Virus-hit import market rebounds from 12-year low
Egypt: PET move up from record lows after 10 months

PS & ABS 2020 in a Nutshell

PS & ABS Highlights

China and Southeast Asia: Import markets climbed to multi-year highs by year-end
Europe: Prices slowly but surely recovered from Q2 onwards
Turkey: Markets kept head above water despite various challenges
A quick look at 2020...

**Highlights from 2020**

- Before end of H1, polymer markets mostly saw their 11-year lows
- Markets riddled with supply concerns in H2, bullish run in play
- PVC was the shining star of 2020 after years of low prices
- LDPE was the second-best in terms of price gains
- PET beared the brunt of the pandemic
- Reflection on economies: Will Q4 fare better too?
- Polymer trade: Was it hit hard? Not for everyone
- Q4 2020: Not like previous years despite second-wave
- What was the big industrial news for petchems in 2020?

Who could anticipate this outbreak would turn into a pandemic and hit the global markets economically, socially and even politically through the rest of 2020?

Being the originating country of this outbreak, China was the first to take widespread quarantine measures including forcing businesses to shut down and placing citizens under lockdown to contain the spread of the virus. Not surprisingly, this started to find an immediate reflection on the equity markets of China.

While the number of cases peaked in February in China, other countries were curiously and cautiously watching the developments, without knowing much about how to deal with the big upcoming headwind.

1. **Before end of H1, polymer markets mostly saw their 11-year lows**

It was March when this outbreak was no longer an issue of China only. Previous narratives that dominated headlines were swiftly thrown out the window in favour of news surrounding coronavirus case counts and new outbreaks across the rest of Asia and Europe.

On March 11, 2020, the World Health Organization recognised the spread of coronavirus as a pandemic, naming it COVID-19.
All eyes turned toward the shape of the COVID-19 infection growth curve particularly in Iran, Italy and South Korea.

Unfortunately, the rest of the world was not as prepared and quick to cope with this global health crisis, since the number of cases and death toll quickly and notably surpassed the number of cases inside China in the following month despite all the shutdowns and lockdown measures.

China surprisingly managed to take this crisis under control as of the end of the first quarter, with equity markets including polymers and monomers hitting their more than 10-year lows. However, this was just the beginning of the story for the rest of the world.

The epicenter of the pandemic was the US in April. Since the moment coronavirus first took its toll on China, crude oil prices started to retreat from the highs of $60 per barrel. The downward trajectory gained momentum in March in tandem with the slumping oil consumption across the world amid suspended flights and travel restrictions.

However, this was all before we heard the big news in April, when WTI (West Texas Intermediate) futures, the US crude oil benchmark, on NYMEX took a deeper nosedive. April 20 marked a historic moment as WTI crude oil futures traded in the negative territory to fall as low as minus $37 per barrel amid supply glut and a lack of physical space storage in the US.

After the rapidly rising number of cases forced many economies to shut down across the world during March and April, the infection curve began to flatten in May while reopening efforts and easing of restrictions started to take shape.

The reflection of returning economies on commodity markets was also evident throughout May with crude oil rebounding from historic lows. This sent polymer markets in China to an obvious upward trend that will largely last for the following six months.

2. Markets riddled with supply concerns in H2, bullish run in play

It was June when an upward momentum was seen all over the world as gradually returning demand offered glimmers of hope in polymer markets.

Not only improving demand, but also reduced inventories also spurred increases in global markets in June.

In terms of prices, after the second half of the year started on a bullish note in global markets amid growing concerns over reduced availability, prices remained firm in July and August. When the hurricane season kicked off in late August in the US, supply woes grew more visible in already tight markets.

3. PVC was the shining star of 2020 after years of low prices

It was September when the uptick gained speed in polymer prices particularly for PVC. Unprecedented times were seen in PVC markets in 2020 as force majeure declarations and shutdowns rocked the boat across the US, Europe and also in Asia.

The return of the construction and pipe sectors in the midst of government incentives also fueled demand.

Although the uptrend in other polymers somewhat faltered as the last quarter neared, PVC markets relentlessly soared to near-10-year highs in India, Turkey, China and Southeast Asia by November. This was because extreme tightness sent prices to the longest rising streak for 7 consecutive months both in Asia and Europe.

4. LDPE was the second-best in terms of price gains

Similar supply concerns propelled LDPE prices higher across the world and the size of the increases was larger than that of other PE grades. Although LDPE price typically commands a premium over HDPE and LLDPE
grades, they were trading at par in many regions before the pandemic took hold.

After two to three years, this tightness has pushed prices back above other products.

5. PET beared the brunt of the pandemic

PET was the only product which could not compensate for its pandemic-driven losses. Rather, PET prices remained stable to soft after hitting 11-year lows across the board.

The reason why PET prices failed to perk up rests upon the fact that there were sufficient supplies across the board amid limited demand, unlike other products which largely suffered from supply issues in the second half of the year.

6. Reflection on economies: Will Q4 fare better too?

Although commodity markets witnessed therapeutic solutions given the end of lockdowns in June, global economies remained significantly hobbled by the pandemic in H1 and many countries/blocs suffered economically. China, on the other hand, returned to growth in Q2.

The easing of lockdowns and re-opening of businesses also found reflection on the Q3 economic performance as many countries and blocs returned to growth. This was also mirrored on the improved quarterly earnings of petrochemical companies after the pandemic hammered their results in Q1 and Q2.

Following the spirited recovery in Q3, the outlook for Q4 remains risky as the pace of recovery is set to lose momentum given the rapidly rising number of cases and renewed - albeit to a lesser extent - restrictions.

Despite the second wave of the pandemic hitting Q4, petrochemical companies’ financial results may not turn out to be as discouraging as they were in the first half of the year due to the fact that prices in downstream markets have largely maintained their bullish tone in Q4 amidst supply issues.

<table>
<thead>
<tr>
<th>GDP growth QoQ</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>5.0%</td>
<td>-31.4%</td>
<td>33.1%</td>
</tr>
<tr>
<td>China</td>
<td>-10.0%</td>
<td>11.7%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Germany</td>
<td>-1.9%</td>
<td>-9.8%</td>
<td>8.20%</td>
</tr>
<tr>
<td>India*</td>
<td>0.7%</td>
<td>-25.2%</td>
<td>23.1%</td>
</tr>
<tr>
<td>Italy</td>
<td>-5.5%</td>
<td>-13.0%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Brazil</td>
<td>-2.5%</td>
<td>-9.7%</td>
<td>NA</td>
</tr>
<tr>
<td>Russia</td>
<td>-0.9%</td>
<td>-3.2%</td>
<td>NA</td>
</tr>
<tr>
<td>South Korea</td>
<td>-1.3%</td>
<td>-3.2%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>-2.4%</td>
<td>-4.2%</td>
<td>5.05%</td>
</tr>
<tr>
<td>Turkey</td>
<td>-0.1%</td>
<td>-11.0%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

*India’s fiscal year starts on April 1. The data used above for India’s Q1, Q2 and Q3 GDP respectively refer to Jan-March, April-June and July-September periods to align with the rest.

7. Polymer trade: Was it hit hard? Not for everyone

The contraction in major economies in H1 also sapped the polymer trade across the world. The pandemic wreaked havoc particularly on the automotive, aerospace, construction and textile industries and naturally curbed demand for plastics. Although easing restrictions in Q3 pulled these sectors through to some extent, some countries and blocs could not avoid a slump in their yearly overall polymer trade volumes in the first three quarters of 2020.

The EU27 - the 27 European Union countries after the UK left the EU as of February 2020 - experienced a conspicuous decrease in both its exports and imports for polymers. Saudi Arabia, a major exporter of polymers as a country, also saw a striking fall in its exports from January to September, based on the mirrored data from Global Trade Tracker.

Nevertheless, some countries and blocs boosted either their imports or exports. The US, South Korea, ASEAN region and India managed to beef up their export sales in the first three quarters. Meanwhile, imports of China and Turkey rose notably on year to hit record highs for Q1-Q3 period.

Although some major sectors were undermined, the healthcare and hygiene sectors, and the packaging industry witnessed strong demand
driven by the solutions to combat the pandemic. This clearly found reflection on boosted exports and imports of these countries/blocs, largely for polyolefins.

<table>
<thead>
<tr>
<th>Exports (Polymers)</th>
<th>Cumulative Q1-Q3</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>11,862,000</td>
<td>8.8%</td>
</tr>
<tr>
<td>South Korea</td>
<td>6,727,771</td>
<td>8.8%</td>
</tr>
<tr>
<td>EU27exUK</td>
<td>22,757,503</td>
<td>-7.7%</td>
</tr>
<tr>
<td>ASEAN</td>
<td>13,599,474</td>
<td>4.0%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4,060,259</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Saudi Arabia*</td>
<td>10,170,344</td>
<td>-12.0%</td>
</tr>
<tr>
<td>India**</td>
<td>2,314,025</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Imports (Polymers)</th>
<th>Cumulative Q1-Q3</th>
<th>Change% YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>22,811,900</td>
<td>14.0%</td>
</tr>
<tr>
<td>Turkey</td>
<td>4,036,683</td>
<td>11.0%</td>
</tr>
<tr>
<td>EU27exUK</td>
<td>23,074,634</td>
<td>-12.0%</td>
</tr>
<tr>
<td>India**</td>
<td>3,086,130</td>
<td>-19.0%</td>
</tr>
<tr>
<td>ASEAN</td>
<td>7,545,467</td>
<td>-9.0%</td>
</tr>
</tbody>
</table>

* Mirrored data is used for S Arabia with ref to Global Trade Tracker (GTT)
** India cumulative lacks September data.

8. Q4 2020: Not like previous years despite second-wave

The last quarter, however, started under the shadow of second-wave concerns about the coronavirus spread across the world, except for China. The second wave was in full swing in November particularly in Europe, the US, India and some parts of Asia and Africa.

Still the last quarter of 2020 was also not like any previous years as the prevailing supply tightness kept the markets on a firm note to a large extent. There were several unexpected shutdowns to drive prices constantly higher. In the midst of this tightness, the expected year-end destocking activities of major exporting countries, primarily the US, did not materialize to bring relief to supplies, either. Therefore, there was no evident downside pressure on polymer prices in most cases.

9. What was the big industrial news for petchems in 2020?

Saudi Aramco launched its long-delayed initial public offering (IPO) on the Saudi stock market, Tadawul, on December 11, 2019, upon which the company announced it raised a record $29.4 billion in January, 2020.

This news was followed by the European Commission’s approval of Saudi Aramco’s proposed acquisition for 70% stake in SABIC in March. The deal was signed a year ago, back in March 2019. Aramco’s acquisition of this majority stake in SABIC was completed as of June 17.

By the middle of 2020, UK-based energy and petrochemical company BP also announced that it has agreed to sell its petrochemical business, which include aromatics and acetyl plants, technology and licenses, to INEOS for $5 billion as a part of its restructuring plan.

In terms of new investments in polymers, COVID-19 appears to have hit plans and actions widely across the board. In November, BASF announced that they put their plans to develop a major PDH plant, PP production and an acrylics value chain complex at Mundra in India on hold, which was a joint project with ADNOC and Borealis.

In other big news, there were many investments made in the recycling business throughout 2020 as a part of Europe’s strategy launched in 2018 to combat plastics waste. This strategy requires all plastic packaging in the EU market to be reusable or recyclable by 2030 amidst efforts to transform the continent into a more circular economy.
### List of Plastics News about recycled investment plans throughout 2020

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 9, 2020</td>
<td>UK-based Vanden Recycling opens office in Turkey</td>
</tr>
<tr>
<td>Jan 9, 2020</td>
<td>Japan’s Mitsubishi increases stakes in Thai PET producer</td>
</tr>
<tr>
<td>Jan 16, 2020</td>
<td>Nestlé to invest $2 billion in plastic recycling</td>
</tr>
<tr>
<td>Jan 23, 2020</td>
<td>Equipolymers produces first batch of new recycled PET grade</td>
</tr>
<tr>
<td>Feb 14, 2020</td>
<td>INEOS to launch a range of new R-PE grades</td>
</tr>
<tr>
<td>Feb 17, 2020</td>
<td>Italy’s Versalis to develop new technology for recycling process</td>
</tr>
<tr>
<td>Feb 20, 2020</td>
<td>UK’s Viridor to provide R-HDPE to Procter &amp; Gamble</td>
</tr>
<tr>
<td>Feb 26, 2020</td>
<td>US Direct Pack acquires Mexican PET recycler</td>
</tr>
<tr>
<td>Mar 6, 2020</td>
<td>US Vinmar invests in Indian recycling company</td>
</tr>
<tr>
<td>Mar 10, 2020</td>
<td>Indorama to set up R-PET plant in Philippines</td>
</tr>
<tr>
<td>Mar 16, 2020</td>
<td>Turkey’s Koksan begins mass production of chemical base R-PET</td>
</tr>
<tr>
<td>Mar 24, 2020</td>
<td>Indorama aims to recycle 50 billion PET bottles per year by 2025</td>
</tr>
<tr>
<td>Jun 10, 2020</td>
<td>Thai Indorama acquires PET recycling facility in Brazil</td>
</tr>
<tr>
<td>Jun 24, 2020</td>
<td>Agilyx and TechnipFMC team up to develop recycled styrene</td>
</tr>
<tr>
<td>Jul 14, 2020</td>
<td>Polisan Hellas adds Polipet Eco series to its portfolio</td>
</tr>
<tr>
<td>Aug 4, 2020</td>
<td>Italy’s Versalis to produce PS with 75% recycled material</td>
</tr>
<tr>
<td>Aug 4, 2020</td>
<td>Indorama to acquire Poland-based R-PET producer</td>
</tr>
<tr>
<td>Aug 5, 2020</td>
<td>Europe’s Remondis and Morssinkhof form JV on PET recycling</td>
</tr>
<tr>
<td>Sep 8, 2020</td>
<td>INEOS and Saica Natur sign deal on recycled polymers</td>
</tr>
<tr>
<td>Sep 23, 2020</td>
<td>Borealis and MENSHEMEN launch new product line for packaging</td>
</tr>
<tr>
<td>Sep 23, 2020</td>
<td>Dow and Luhai collaborate on recycling in China</td>
</tr>
<tr>
<td>Sep 25, 2020</td>
<td>ITOCHU, Borealis and Borouge collaborate on R-PP in Japan</td>
</tr>
<tr>
<td>Oct 14, 2020</td>
<td>Total and Plastic Energy to collaborate in chemical recycling in France</td>
</tr>
<tr>
<td>Oct 21, 2020</td>
<td>Spain’s Repsol, ELIX Polymers team up for recycled styrenics</td>
</tr>
</tbody>
</table>
PP 2020 in a Nutshell

PP Highlights

- Pandemic sent many PP prices to 11-year lows
- The downturn took mostly 3 months at max
- By June, all PP markets resumed firming
- Markets pared their COVID-driven losses, except Europe
- China, SEA, Turkey moved above pre-pandemic levels

1. China: PP gained more than what it lost

China’s PP market posted a cumulative drop of 25% in a knee-jerk reaction to the pandemic in the first three months of 2020. This downturn was indeed inherited from the previous year as PP prices were already on a downward path since May 2019.

By the end of March, the import homo PP market saw below the $700/ton threshold, hitting its lowest since 2008. As of April, the PP market turned upwards to pare its losses.

It was July when the market levelled off, going back to pre-pandemic levels. The uptick resumed in August and gained momentum after September following the National Day holiday.

Tighter availability as well as robust demand pushed import homo-PP prices to almost 3-year highs by early December. After bottoming out in late March, the market rose by 57%, sustaining an uptrend for eight consecutive months.

2. Southeast Asia: Tight supplies gained prominence

The scene in Southeast Asia was almost the same as the China PP market, although the bottom in late April was not as low as it was in China. Therefore, the downturn was less dramatic in Southeast Asia than in China.
Supply was also tight for a large part of the second half of the year, which gave an upper hand to sellers to keep prices firmer. After hitting 12-year lows in April, the import market rose 47% by December and stood at its highest since May 2019.

3. Europe: Failed to compensate pandemic-related falls

As an extension of the downturn in place since the second half of 2019, PP markets in Northwest Europe and Italy fell by another 20% from January to the end of May. The downturn particularly gained momentum in April and May, when the pandemic pervaded the marketplace. Before markets headed north in June, prices hit their lowest since 2009.

Nevertheless, the upturn in the PP market was not as strong as in other countries and regions since prices rose 14% in total during June and July before levelling off in August. Even though sellers attempted to hike their offers in September, October and November, those hike requests were not largely digested in the market. Rather, the uptrend somewhat faltered due to the lack of support from the upstream chain as well as the rising COVID-19 cases.

However, the market was poised for large hikes in December as supply concerns exacerbated. If achieved, these anticipated hike requests may help the market erase the pandemic-driven losses.

4. Turkey: Uptrend lasted longer than downtrend

PP markets in Turkey were on a rising track early in 2020 before the downward pressure from the China market became visible in February. Following China lower, Turkey took a nosedive until early April as average import prices lost 25% in total. However, it took almost another month for prices to firm up after hitting a bottom.

PP markets in Turkey were at their 4-year lows when the bottom was reached in April, although other polymers mostly saw their decade-lows.

Starting May on a firm note, PP markets were readying to witness an upturn that would last almost until the end of the year. By late October, the markets compensated their pandemic-driven losses and even moved above the pre-pandemic levels in November.

The concerns about a possible decrease in supplies from Saudi Arabia also arose in September given the difficulties in renewing re-export documents in reprisal for a virtual embargo applied by Saudi Arabia on Turkish goods. More players confirmed the hesitancy to engage in Saudi cargoes through the end of the year.
5. **Middle East: Faced delayed recovery**

PP markets in Saudi Arabia and the United Arab Emirates began 2020 on a bearish note while the downturn speeded up in April and May in tandem with the soaring COVID-19 cases in the region. Although the other major markets returned to a rising track in June, Middle Eastern markets maintained their bearish track.

When they firmed up in July, this was not a conspicuous upturn either, unlike the rest of the world. Mostly steady prices dominated the market until November. Even then, the UAE market did not pick up visibly while Saudi Arabia recorded a notable rise in November to compensate for some of the earlier losses.

6. **Egypt: PP markets pared losses**

In Egypt, the import PP market suffered a 15% loss from February to mid-May in line with major markets, seeing its lowest since 2009. This was followed by an upward trend that would last almost until the end of the year. By November, prices pared their losses notched between February and May to reach their year-highs.

The local market, meanwhile, bucked the overall trend as local producers kept their prices steady until May and then followed a steady to softer pricing policy until mid-October. Local prices turned upwards from mid-October to the year-end. By early December, the local market was almost back to where it started 2020.

7. **Africa: Nigeria local prices bucked the trend**

In West Africa, PP list prices of the local producer in Nigeria almost remained unscathed by the pandemic. They rather firmed up further starting from July, ending the year at their highest since July 2019.

The import markets were much more sensitive to global developments, however. Import prices in East Africa and West Africa fell 17% in March, April and May and could bounce back up in July and afterwards. Import prices pared their pandemic-led losses by the end of the year.
PE 2020 in a Nutshell

PE Highlights

- PE saw 11-12-year lows across the board before end of H1
- Falls were smaller-than expected as they had already been near decade-lows
- Pandemic-driven losses pared everywhere, except for Europe
- LDPE regains price ‘prestige’ over HDPE, LLDPE on supply issues
- LDPE nears 2-3 year-highs
- LLDPE priced comparatively lower than HDPE

1. China: After brief Q1 falls, PE defied pandemic

As was the case in PP, PE markets in China were on a bearish run since the second half of 2018, disregarding short-lived upturns. Before the coronavirus news hit the markets in January, PE prices were attempting to grind higher as they were already near 11-year lows. The initial response of the PE markets to the outbreak, therefore, was quite cautious in February, although the downtrend gained momentum in March.

Prices shed 25% in total when the markets hit the bottom by the end of March to see their lowest in ChemOrbis records.

The rebound came in April, followed by a steadily rising trend until the end of the year. It did not take long for prices to erase their decreases as the markets were back to the levels seen before the pandemic in June.

What is more, the upward trajectory gained pace after August since PE exports from the US were significantly hindered due to consecutive hurricanes that hit the US Gulf Coast.

Particularly LDPE prices gained a remarkable premium over LLDPE and HDPE in China between September and December due to the disrupted shipments from Iran. The difference reached more than $250/ton at its largest.

As the end of the year drew near, import LDPE prices saw their 3-year highs while HDPE and LLDPE prices climbed to their highest in 15 months by early December. Unlike previous years, the expected influx of US PE cargoes, as a part of the year-end destocking activities, did not come to bring relief to tight supplies in the last quarter, either. Rather, the market was further buoyed up by snug import supplies and rising freights for December.
2. SEA: In pursuit of China

The trend in Southeast PE markets was very much the same as China. The degree of the downturn in the first half of the year was relatively smaller compared to China, however. LDPE prices, in particular, experienced a relatively small drop of 10%, which is marked as the slightest decrease among all markets.

The upward trend also moved in lock steps with China, with prices nearing 15-month highs for HDPE and LLDPE, and more-than-two year highs for LDPE by December.

The gap between LDPE prices and other PE products also considerably widened as a result of the lack of supplies to China. Import LDPE prices climbed more than $200/ton above others on average in Southeast Asia by November, implying the largest gap since 2011.

3. Europe: LDPE regained premium after 2 years

It was April when China was poised for an upward trend after bottoming out but the downtrend was just kicking off across Europe.

This was an extension of the bearish undertone that started in the second half of 2019 and it remained in place until June 2020. Local prices lost 18-19% in three months to see their lowest in 11 years.

In stark contrast to other major regions, these losses were not fully retraced in HDPE and LLDPE markets in the following three months - from June to September.

Prices failed to return to pre-pandemic levels in the third and fourth quarters despite some gains.

LDPE was an exception, however. Dwindling supplies for this product cushioned the decreases from March to June and propelled prices higher to a larger extent for the remainder of the year. Thus, it was the only product that pared its losses completely. What is more, LDPE gained premium over HDPE and LLDPE for the first time since 2018, after trading at par and even below these products.

4. Turkey: Swing from 11-year lows to 2-year highs

Although Turkey started 2020 on a bullish note, the upturn happened to be short-lived as major Asian markets turned down in February in line with the emergence of the outbreak. Import
HDPE and LLDPE prices lost ground by around 25% while LDPE suffered a relatively smaller drop of 20%.

When the markets reached bottom in early May, they were at their lowest since 2009. It was followed by an upward trend in May, which lasted for the rest of the year, disregarding some small swings.

By the end of November, import LDPE prices hit their two-year highs while HDPE and LLDPE prices rose to their highest levels in 15 months, similar to the case in China.

In line with the global tightness, LDPE prices also gained premium over other PE products. Nonetheless, this premium stood less than $200/ton on average at its largest, standing below the premium LDPE gained in China.

Echoes of a virtual embargo from Saudi Arabia on Turkish goods were first heard in September. As a reflection of this situation, some converters in Turkey reported that they had difficulty sourcing raw materials originating from Saudi Arabia with their inward processing certificate. This created concerns about a reduction in supplies from Saudi Arabia, which was followed by a dumping investigation Turkey initiated on LDPE in late October.

5. Middle East: Suffered less and recovered quickly

Saudi Arabia suffered a relatively smaller loss of 9-11% in the heat of the pandemic during April and May, the reason of which rests upon the fact that prices had already been edging lower since the second half of 2018. When they hit the bottom in late May, they were at their all-time lows, based on ChemOrbis records.

It did not take long for prices to erase their losses as they ended the year nearing 15-month highs for HDPE and LLDPE.

In the case of LDPE, the gains were much sharper as they posted a cumulative and gradual increase of 35% in November to see 2-year highs after bottoming out in April. Similar to other global markets, LDPE prices also regained their premium over others after three years as it grew as much as $200/ton.

The UAE market drew a very similar picture with LDPE posting a considerably small fall during the pandemic-driven downturn.

6. Egypt: Under shadow of China

Egypt’s import market followed the global trend throughout 2020. The downturn started in February but gained speed in March and April. Import prices were at their 11-year lows when the bottom was reached.

The market pared its losses in the remainder of the year while LDPE posted a more noteworthy increase compared to other grades and gained its premium back after two years, as was the case in the rest of the world.
7. Africa: Hefty hikes drove Nigeria market to 3-year high

Nigeria’s local market responded to the pandemic-driven downturn slightly given the fact that prices were already low, based on ChemOrbis records. After the global markets headed north in the second half of the year, Nigeria’s local producer ELEME raised its offers significantly starting from August. A price hike of 55% was witnessed after bottoming out and the market ended the year near three-year highs.

In South Africa and East Africa, meanwhile, the import markets were more sensitive to global developments, displaying smaller losses during the downturn and erasing their losses in the second half of the year. Likewise, LDPE prices posted a notable increase during this time.
PVC 2020 in a Nutshell

PVC Highlights

- Downside was relatively limited as prices were already low
- PVC markets globally hit the bottom in April or May
- Uptrend gained speed after August on rising supply woes
- Supply concerns exacerbated in Q4
- All markets neared a decade-high, except for Europe
- Europe’s upside remained comparatively small
- Global markets set to log their seventh monthly rise –the longest stretch- in December

1. China, Southeast Asia and India: Import offers climb above $1000 after 6 years

From early to March to mid-April, the weekly average of import PVC K67 prices in China, Southeast Asia and India decreased by more than 30%. The slump in prices came on the heels of a plunge in demand across Asian markets, particularly from the key market in India, where the first lockdown was imposed on March 25.

It was the middle to the end of April, when prices in these three major regions hit the lowest levels not seen since late December 2008.

Around late April, steadily rising demand from softening lockdown restrictions started to become evident in China. The return of demand in India by early May also created a positive sentiment across the Asian markets.

As a result of a recovery in demand and tightening supplies, PVC markets in China, Southeast Asia and India have rebounded by more than 80% since the start of Q2.

The increases gained speed across Asian markets particularly after August. There were many force majeure declarations and unexpected shutdowns, not only in the US (due to successive hurricanes) but also in Europe and Asia.

By November, the three markets stood at their highest in more than 10 years, supported by increased freight rates and supply disruptions.

China and Southeast Asia moved above $1000/ton on average in October for the first time since 2014 and reached respectively
$1130/ton and $1190/ton CIF by the end of November.

The import market in India, meanwhile, breached the $1000/ton threshold in October. Even though India saw above $1000/ton for a couple of times since 2014, those levels were not sustained. This time, however, average import prices ended November near a new record of $1300/ton CIF. The gap between China and India breached $150/ton, meanwhile.

On a different note, several Chinese producers pursued an anti-dumping investigation on PVC imports from the US in May. According to traders, US PVC producers were offering aggressively at that time to lower their inventories, which had accumulated greatly due to high production and COVID-hit demand.

2. Europe: PVC upside lagged behind the rest of the world

After a weak start to 2020, spot PVC prices in both Italy and Northwest Europe hit their lowest levels in five years in May.

A persistently weak demand and a €100/ton plunge in May ethylene contracts were cited among the primary factors for keeping PVC prices at multi-year lows.

From January to May, domestic ethylene contract prices declined a total of €350/ton in Europe.

However, the bearish sentiment began to dissolve as a number of European countries eased their lockdown restrictions by late May. In early June, PVC prices in the region rebounded from a 5-year low. The increase came on the heels of a €60/ton jump in June ethylene contracts, which moved in tandem with rising crude oil and naphtha.

Improving demand from lockdown reopenings continued to support PVC markets through the summer and the uptrend gained further traction from September through October as a spate of maintenance shutdowns drained PVC availability in the region.

The bullish trend driven by supply tightness pushed spot prices to their highest levels in 2 years in November. In an unusual seasonal pattern, demand for certain PVC applications continued to perform well. However, some players cautioned that a resurgence of the virus and various lockdowns throughout the region could pose a threat against the strong but waning seasonal demand.

Even though local PVC prices soared more than 40% by November after bottoming out in May and the market is readying for an upside for a seventh consecutive month in December, the size of gains in Europe appears to have lagged considerably behind the rest of the world. This was largely due to the fact that European PVC producers already enjoyed healthy margins in their sales to export markets.

On a side note, the EU announced its plan to issue tariffs up to $4 billion worth of US goods in November, which included PVC with an estimated additional tariff of 25%.
3. Turkey: Longest rising streak of 7 months

Turkey’s import PVC markets plunged to their lowest since the 2008 crisis in late April to early May, following a two-month downtrend.

As South Korean suppliers diverted their cargoes to Turkey amid India’s absence, their aggressive pricing weighed not only on European sellers but also US suppliers. In an oversaturated market, rapid discounts became the norm from April to early May.

By mid-to-late May, operating rate reductions, as well as a gradual improvement in demand and rising costs helped prices gain some ground in global markets. Turkish PVC market also responded to this trend and rebounded from their 12-year lows around the same time. Increases continued after the Eid holiday, with the import climbing back to their pre-virus highs in August.

Turkey’s PVC markets made a strong start to autumn as increasing supply tightness propelled import prices to their highest in 9 years in September. In November, Turkish PVC players witnessed the longest rising streak since ChemOrbis started compiling data in 2008.

Turkey’s PVC markets have risen by 108%, or $700/ton, since hitting the bottom in early May.

As was the case in India, Turkey’s import PVC market also managed to hold above $1000/ton for the first time since 2014 on average. After touching this threshold in October, dutiable and non-dutiable indexes moved above $1350/ton CIF and hit 12-year highs as of the end of November.

4. Egypt: From 11-year lows to 12-year highs

Egypt’s PVC markets also had their share of significant ups and downs in 2020. Import markets hit bottom in late April, when prices fell to their lowest since 2009. Chief among the culprits was aggressively-priced US cargoes that flooded the global markets amid pandemic-hit demand.

Several players informed that Egypt and the Middle East region saw three times more than their regular monthly allocations from the US suppliers. As public and private construction sectors were pressured heavily given the disruptions caused by the pandemic, the Egyptian markets headed to Ramadan at historical lows.

Following the holiday, markets jumped on the bandwagon and a recovery appeared on the horizon. With more and more suppliers cutting back on supplies to bring some balance to the market, prices saw an uptick by mid-May. Although demand remained patchy amid the lingering shadow of COVID-19, import PVC prices in June were 35% higher than the bottom seen in late April.

Reduced availability fuelled further hikes through the rest of the summer season. By autumn, players reported sizable increases of around $120-135/ton amid sharply lower allocations from their regular US suppliers.

A 2% customs duty, imposed on PVC imports from non-Arab countries, also added pressure.
on the US PVC prices. The move was seen as an effort to provide local producers a competitive edge against the import materials. In addition to the 2% duty on PVC, the Egyptian authorities also exempted ethylene dichloride (EDC) from taxes.

As of November 2020, import PVC prices in Egypt were at their highest since 2008, after having surged by nearly 116% since the slump in April.

List of PVC Production News after August 2020

<table>
<thead>
<tr>
<th>Date</th>
<th>News</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 24, 2020</td>
<td>Egypt’s top PVC manufacturers and producers discuss shortage</td>
</tr>
<tr>
<td>Nov 19, 2020</td>
<td>Asahimas delays start-up of new PVC plant in Indonesia</td>
</tr>
<tr>
<td>Oct 27, 2020</td>
<td>Vynova resumes operations at two PVC plants in Europe</td>
</tr>
<tr>
<td>Oct 15, 2020</td>
<td>Indonesia Asahimas VCM plant undergoing maintenance</td>
</tr>
<tr>
<td>Oct 14, 2020</td>
<td>Kern One declares FM on PVC output from France</td>
</tr>
<tr>
<td>Oct 14, 2020</td>
<td>Shin Etsu reportedly declares FM on PVC from Netherlands</td>
</tr>
<tr>
<td>Sep 25, 2020</td>
<td>Kern One puts European customers on allocation, seeks large hikes for October</td>
</tr>
<tr>
<td>Sep 21, 2020</td>
<td>Vinnolit’s Germany PVC plant to be shut permanently</td>
</tr>
<tr>
<td>Sep 21, 2020</td>
<td>FPC’s PVC turnaround in Taiwan to run till end-Sep</td>
</tr>
<tr>
<td>Sep 15, 2020</td>
<td>Egypt’s EPC reveals H2 Sept PVC offers, sets date for restart</td>
</tr>
<tr>
<td>Sep 10, 2020</td>
<td>Westlake expects some Lake Charles units to restart by end-Sep</td>
</tr>
<tr>
<td>Sep 8, 2020</td>
<td>Texas petchem plants restart, Louisiana still awaits power in US</td>
</tr>
<tr>
<td>Sep 2, 2020</td>
<td>LATEST NEWS: Inovyn issues force majeure on European PVC supply</td>
</tr>
<tr>
<td>Sep 1, 2020</td>
<td>LATEST NEWS: US Westlake declares force majeure on VCM, PVC supplies</td>
</tr>
<tr>
<td>Aug 17, 2020</td>
<td>Formosa Plastics declares force majeure on US PVC</td>
</tr>
</tbody>
</table>

Import - PVC K67-68 CIF Egypt (USD/mton)

Created by ChemOrbis.com Price Wizard
PET 2020 in a Nutshell

PET Highlights

- Pandemic wreaked havoc on PET markets
- Cancellation of large gatherings, various events dampened demand
- COVID-19 restrictions heavily weighed on the peak season
- PET prices failed to recover until December
- Pace of recovery from pandemic to be the primary driver for bottle grades

1. China and Southeast Asia: Peak season failed to deliver. Any light at the end of the tunnel?

Data from ChemOrbis Price Index reveal that the weakness in FOB China PET bottle prices preceded the outbreak of COVID-19.

To rub salt in the wound, the global spread of COVID-19 in March brought the Chinese market to its lowest since ChemOrbis began keeping records in 2008.

The cancellation of numerous mass events and the grounding of flights greatly reduced PET bottle consumption, resulting in a weaker-than-usual peak season for Chinese markets.

Southeast Asian markets tracked a similar course from January until the end of the summer season. Data showed sporadic and limited upticks during a supposedly peak season of summer. Following a subdued summer, prices averaged out over September to early November.

Feedstock and upstream values responded positively to the encouraging news on the vaccine front in early November. Global market sentiment also improved notably at the glimpse of a return to normalcy with this news. On top of this, reduced container availability and higher freight costs added pressure on the markets. The sentiment in the region also saw a boost following the signing of the Regional Comprehensive Economic Partnership (RCEP) - a massive trade agreement that is aimed at lowering trade barriers and increasing regional trade.
2. **Europe: To take a respite from decade-lows?**

PET bottle prices in Northwest Europe and Italy began to move up in June, after having declined by more than 20% during the first five months of the year. PET prices slightly rebounded from their multi-year lows with the start of the traditionally high season. Nevertheless, this rebound happened to be short-lived as prices resumed a downtrend following the summer holidays. The markets hit new all-time lows by the end of September, based on ChemOrbis records.

Although the market saw an uptick in October, deals for November largely concluded at rollovers. As for December, increasing freight rates and potentially tighter import supplies put some upward pressure on prices; however, the market is still far from compensating its overall losses notched throughout 2020.

---

3. **Turkey: Virus-hit import market rebounds from 12-year low**

Turkey’s PET market witnessed a weaker-than-usual peak season as demand failed to live up to expectations.

By late August, import PET bottle prices in Turkey were at their lowest since ChemOrbis started tracking the data in 2008. Although prices somewhat recovered afterwards and signalled a firmer trend for December, the import market has still a long way to pare its 2020 losses.

From January to June, offers for import PET textile chips and POY in Turkey moved in tandem with import PET bottle offers, declining by more than 30%. Although oil prices staged a gradual recovery after nose diving below $0 a barrel in April, Turkish PET textile markets remained subdued until early October. Supported by tighter supplies and higher freight rates, PET textile markets embarked on an uptrend in October. However, the battered Turkish lira and the possibility of further COVID-19 restrictions are cited among major factors casting a shadow on the outlook.

---

4. **Egypt: PET move up from record lows after 10 months**

Egypt’s import PET market was another global market that witnessed a weaker-than-usual peak season. From March to June, trading activities were gummed up by lockdown measures including a night curfew, as well as bans on large gatherings and the closure of restaurants.
Even as restrictions were eventually lifted and international flights and tourist spots opened up, demand remained subdued. As ChemOrbis Price Index shows, the weekly average of import PET bottle offers declined by more than 20% from mid-January to early November, hitting an all-time low in late September. On the other hand, some import sellers were seen attempting increases in November. Producer margins were squeezed by higher global freight costs and crude oil prices in recent weeks. Yet demand remains a concern.
PS & ABS 2020 in a Nutshell

PS & ABS Highlights

- Global markets enjoyed brief uptrend until COVID-19 reared its head
- Q1 to early Q2 depressed by crude oil plunge, reduced demand
- PS and ABS markets saw historical lows during the peak of the pandemic
- Restrictions eased, mild gains started to show from April/May onwards
- Rebound in feedstock, upstream values supported markets in Q3
- Upsurge speeded up on soaring freight rates, tight supply in Q4
- ABS recorded more hefty hikes than PS after August

1. China and Southeast Asia: Import markets climbed to multi-year highs by year-end

Import PS and ABS prices in China and Southeast Asia started to decline following the Chinese New Year holidays in late January. By March, the impact of COVID-19 became particularly significant in the outbreak’s epicentre China, as well as in Southeast Asia. The backlog caused by lockdown measures resulted in high stock levels, which then became increasingly harder to draw down.

Along with reduced costs and rising inventories, import prices in Asia hit their lowest in eleven years by late March.

However, markets began to show mild gains in April amid signs of improving economic activity and easing lockdown measures in the country. Along with positive economic news from China, gains in styrene and crude oil prices also provided support to PS prices.

The uptrend extended right into autumn. Although the trend faltered slightly ahead of the National Day holidays in early October, market participants returned to a firmer post-holiday pricing.

A spike in styrene prices in November added more fuel to PS and ABS prices in China and Southeast Asia. Tighter supplies amid a number of planned and unplanned shutdowns stood as another contributing factor.

As compared to the bottom levels seen in March, import Asian PS increased by more than 80% by December, as ChemOrbis data show. The amount of increase surpassed other global markets due to a faster recovery in demand and tighter supplies amid plant shutdowns.
The gains in ABS prices, meanwhile, outpaced PS particularly after August, ChemOrbis Price Index suggested the highest levels for ABS since 2009 while PS prices stood at their highest since 2014.

### 2. Europe: Prices slowly but surely recovered from Q2 onwards

In Northwest Europe and Italy, PS markets made a strong start to 2020. However, demand started to feel the weight of rising fears of COVID-19 by February and upstream values took a nosedive on the heels of crude oil plunge.

Like the Asian markets, import PS and ABS prices fell to historical lows in April.

The trend reversed course by June, thanks to higher upstream costs, along with auto production recovery and better demand amid looser restrictions. The rest of the summer season saw a broadly firm trend despite some push back from buyers. European PS markets were subdued during the September-October period, but a consistent rise in spot monomer costs and tightening supplies provided bullish overtones in November.

European PS and ABS even started bracing themselves for further increases in December, on the backdrop of persistently firmer spot monomer prices. A lack of Asian imports put further pressure on ABS tightness while PS availability failed to return to normal levels even after the plant restarts.

On the other hand, the recovery from bottom levels in Europe has been slower as compared to the Asian markets. As of late November, data show that PS prices have increased by less than 20% and ABS prices by more than 25% since the early April slump. Again as in the case in Asia, ABS markets recorded comparatively larger gains.

### 3. Turkey: Markets kept head above water despite various challenges

Turkey’s import PS and ABS markets had a similar first quarter as the outbreak sent shock waves through global markets.

Prices fell steadily after February, finally hitting levels not seen since more than a decade in May.

This came despite a gradual firming in Chinese and Southeast Asian markets around the same time. Although the coronavirus-hit demand played a large role in the slump, Turkish lira’s record slump against foreign currencies also weighed in. From January to early May, the local currency fell by around 20% against the US dollar.

Although the volatility in lira remained, prices changed course by June, responding to the gains in spot monomer costs and tightening in supplies. The third quarter saw the firming trend extend despite some resistance from buyers amid unfavourable currency moves. November marked a significant surge in PS and ABS prices, supported by higher freight rates and reduced supplies.

In just over a month, ABS prices jumped by 22% on average whereas PS prices have increased by
more than 15% on average as of late November. As was the case in Asia, the gains in ABS prices surpassed those of PS. This is also evident in indexes as they show a 7-year high for ABS but a 2-year high for PS in Turkey.

![Chart showing Import - ABS & PS CIF Turkey (USD/mton)](chart_image)

Created by ChemOrbis.com Price Wizard
ChemOrbis Price Forecast Reports are designed to cover everything you need to get an idea of where the polymer market is headed in the upcoming months.

Available for PP, PVC, PE, PS, ABS and PET including...

- market highlights and current prices
- expected price trends for the next 12 months
- polymer supply and demand, margins, international trends

Forecast Reports provide guidance for...

- tracking market trends, supply-demand balance and upstream feedstocks
- understanding the trend in coming months
- evaluating your market position
- short-term / mid-term planning and budgeting
- buying / selling with more confidence and easier decision-making

👉 Ask for your FREE sample report now!