

Acetone Methodology

The main use of acetone, accounting for over a quarter of total consumption, is in the manufacture of acetone cyanohydrin, a feedstock for methyl methacrylate (MMA). The other major and fast growing derivative is bisphenol-A (BPA). Both MMA and BPA are feedstocks for the production of resins and plastics.

Other applications include higher molecular weight glycols and alcohols, MIBK and MIBC, for solvent applications (varnishes, lacquer, cellulose acetate fibre, cellulose nitrate, and as a carrier for acetylene in cylinders), and miscellaneous chemical uses (manufacture of pharmaceuticals and chloroform).

ICIS pricing quotes acetone in **Europe, Asia-Pacific, India/Middle East, China** and the **US Gulf**.

NOTE: Please see SOLVENTS (INDIA/MIDDLE EAST) for report details.

Frequency:

Published weekly on Fridays in Europe, Asia-Pacific, China and the US Gulf, weekly on Wednesdays in India/Middle East.

Acetone (EUROPE)

Weekly Price Assessment:

Acetone Monthly Contract Prices

- FD NWE (MMA) EUR/MT (conversion to US CTS/LB)

Acetone Spot Prices

- FOB RDAM T2 EXP USD/MT (conversion to US CTS/LB)
- FD NWE EUR/MT (conversion to US CTS/LB)
- EXW Russia Rb/MT

Monthly Acetone Feedstock Contract Prices

- Propylene FD NWE EUR/MT



Acetone (ASIA-PACIFIC)

Weekly Price Assessment:

Weekly Acetone Spot Prices

- CFR CHINA MAIN PORT* (USD/MT & conversion to US CTS/LB)
- CFR S.E. Asia (USD/MT & conversion to US CTS/LB)

Weekly Acetone Feedstock Spot Prices

- Propylene CFR N.E. Asia (USD/MT & conversion to US CTS/LB)

Acetone (CHINA)

Weekly Price Assessment:

Acetone Spot Prices

- CFR CHINA MAIN PORT * (USD/MT)

Domestic prices

- Ex-tank East China (CNY/MT)
- Ex-tank South China (CNY/MT)

Acetone (US GULF)

Weekly Price Assessment:

Monthly Acetone Contract Prices

- TRUCKS (US CTS/LB & conversion to USD/MT)
- BARGES (MMA) (US CTS/LB & conversion to USD/MT)

Weekly Acetone Spot Prices



- FOB EXPORT (US CTS/LB & conversion to USD/MT)

Monthly Acetone Feedstock Contract Prices

- Cumene FOB (US CTS/LB)

General Information:

Assessment Window: Assessments are based on information supplied by market participants up to the close of business on Friday, at 1700 hours London, Singapore, Shanghai and Houston time.

Timing: Cargoes loading or delivered four-six weeks forward from the date of publication.

Standard Cargo Size: ICIS pricing covers freight delivered by ship, barge and truck, depending on the region. The Asian market coverage focuses on bulk lots delivered by ship. In Europe, ICIS pricing tracks parcels delivered by ship and truck. In the US Gulf, prices are quoted on a ship, truck and barge delivered basis.

Shipment sizes vary from 300-500 tonnes parcels in Southeast Asia, to 1,000 tonnes and above elsewhere in the world. In Europe, each truck averages 23 tonnes, while in the US, freight is typically around 45,000-50,000 lb for truck delivery, and 2.8 million lb for barge delivery. In China, the typical cargo size is at least 1,000 tonnes for imports and ex-tank domestic parcel sizes range from 10-50 tonnes.

Terms: Credit terms up to 30-90 days, depending on the region. In the China domestic market, cash payment.

Product Specification: ICIS pricing quotes material that has a minimum purity of 99.5%.

Assessment basis: Spot price assessments are based on information gathered throughout the week (Monday to Friday) from market players comprising producers, end-users and traders. The process of evaluation takes into consideration confirmed and reported deals; bids and offers; and buying and selling indications. Other deals heard would be mentioned in the text if they are seen to be having an impact on the market. In the absence of trades, the published price range may be adjusted on a notional basis to accurately reflect the levels at which trading activity could take place. Factors such as deep-sea cargo movements; supply/demand balance; plant operating rates; feedstock and derivative markets; and general market sentiment are also taken into account.

In Europe, the FOB Rdam T2 Exp spot quote is indicative of the region's export business. This may typically include Asia-Pacific, the Middle East or the US. The FD



NWE spot price is typically indicative of business between producers and traders/distributors who re-sell to the resins sector.

In Europe and the US Gulf, contract prices are fixed monthly, negotiated basis between producers and consumers. In Europe, some MMA consumers also base part of their business on a formula linked to the ICIS pricing published prices. In the US Gulf, barge (MMA) prices are posted upon verification from all buyers and sellers, or when most parties have confirmed a specific number. Truck values for material sold into the distribution and solvents markets are also updated monthly.

In Asia, China is the leading spot market for acetone. The government has levied anti-dumping duties (ADD) since 2007, which range from zero to 51.6%. Most imports to China typically have ADD of zero to 8.9% and product falling within this duty range is used for assessment purposes.

Hence the CFR China spot price quote includes imports from ASEAN (Association of South East Asian Nations) which now enjoy zero tariffs in accordance with a free trade agreement with China which took effect 1 January 2009.

The CFR CHINA MAIN PORT* quote reflects a zero ADD basis, while subject to import duties of 5.5%. Cargoes subject to differing ADD will be included in the assessment after their ADDs have been normalised to the zero ADD basis. Southeast Asian cargoes exempted from import tariffs will also be included in the assessment after their import tariffs have been normalised to the 5.5% basis.

China domestic ex-tank prices reflect sales of domestic and imported materials from first tier distributors.

The feedstock prices in Europe, Asia and the US Gulf reflect the ICIS pricing assessments as posted in the respective regions' reports for the current week.

The European report includes a formal Russian rouble-denominated acetone assessment. These figures are quoted on an ex-works/ex-warehouse (EXWH Central Russia) basis. Prices include 18% VAT.

The low end of the CFR India quote typically represents cargoes from countries which are subject to anti-dumping duties (ADD) such as Singapore, South Korea, US, Europe, etc. However, ICIS only takes into consideration cargoes sold to the advance licence market, which are exempted from the payment of ADD. The high end of the assessed range represents ADD-exempt cargoes (such as Taiwan) to the domestic market.

All regional reports offer market commentary that includes details of traced transactions, news on the supply/demand balance, export/import information, contract price negotiations and general sentiment for price direction. Where



applicable there is product information, comments on up and downstream market developments and general market intelligence.

26 May 2014

