

A blue-tinted background image showing laboratory equipment, including test tubes, a graduated cylinder, and a microscope. A hand is visible on the left, holding a test tube.

CHEMICALS MONTHLY UPDATE

September 2023

Chemical prices uptick aided by festive demand

Chemical prices witnessed a healthy uptick in the month of September. We note that certain basic chemicals have seen traction in recent weeks due to a surge in crude prices and demand recovery. The chemical industry globally continues to navigate challenging times due to weak global demand and inventory destocking and is more likely to recover in H2FY24. The ongoing economic slowdown in Europe and inflationary trends in the US and Europe have weighed on the overall chemical demand. Despite weak demand, China has continued to supply aggressively, which has led to a subdued pricing environment. The demand distress globally, especially in developed markets such as Europe and the US, is impacting exports of Indian manufacturers, even though domestic demand continues to support the downside for volumes. We expect the ongoing festive season to be one attribution to the underlying demand trends. Though we remain cautious on the near and medium-term outlook for the Indian chemical sector, the industry is likely to witness stable prices for crude oil, demand recovery from end-user industries and volume uptick, which would keep the sector outlook positive for the long term.

Several basic chemical prices have risen recently. Soda ash prices recovered some lost ground in the past few months, refrigerant gas prices have softened recently, and phenol prices have recovered marginally. Acetic acid prices have increased despite an off-season for the commodity, and Bromine prices have also risen markedly in September. Benzene, Methanol and Aniline prices have advanced while Ethyl Acetate-Acetic Acid, PVC, and TDI prices contracted during the month. Overall, most chemical prices have bottomed out, at least for now, while pending supply additions in China remain a concern.

Companies such as Archein Ltd., Tata Chemicals, Deepak Nitrite, GHCL Ltd., Aarti Industries, and Nocil Ltd. are the key beneficiaries of this development. Companies that are higher up the specialty chemicals value chain, such as SRF and Navin Fluorine, stand to benefit from a longer-term perspective.

We believe that the commodity chemicals segment would be under pressure due to increasing competition from China. We prefer specialty chemical players with decades of rich experience, deep chemistry ability and strong R&D and execution capabilities. In our view, companies delivering value-added products and moving up the value chain will fare better than pure commodity plays.

Chemicals Monthly Price Update

Chemicals	Domestic Market Price Rs./kg				Chemical Companies
	June'23	July'23	Aug'23	Sept'23	
Acetone	93	105	91	88	Deepak Phenolics
Aniline	164	168	169	170	Nocil
Benzene	85	82	86	88	Aarti Industries
Caustic Soda	46	37	30	39	Gujarat Alkalies, DCW, Punjab Alkalies & Chemicals
Epoxy Resin	175	167	171	173	MFL, SRF
Ethyl Acetate	88	91	95	94	Jubilant Ingrevia, Laxmi Organics
Fatty Alcohols	168	148	152	153	Galaxy Surfactants
Heavy Soda Ash	40	41	37	44	GHCL, Tata Chemicals
Iso Propyl Alcohol (IPA)	97	103	140	128	Deepak Phenolics
Methanol	22	23	27	27	RCF, NFL, Deepak Fertilizers, GNFC
Phenol	112	112	114	118	Deepak Nitrite Ltd.
Potassium Bromide	448	447	434	450	Archein Chemical

Source Indiapetrochem

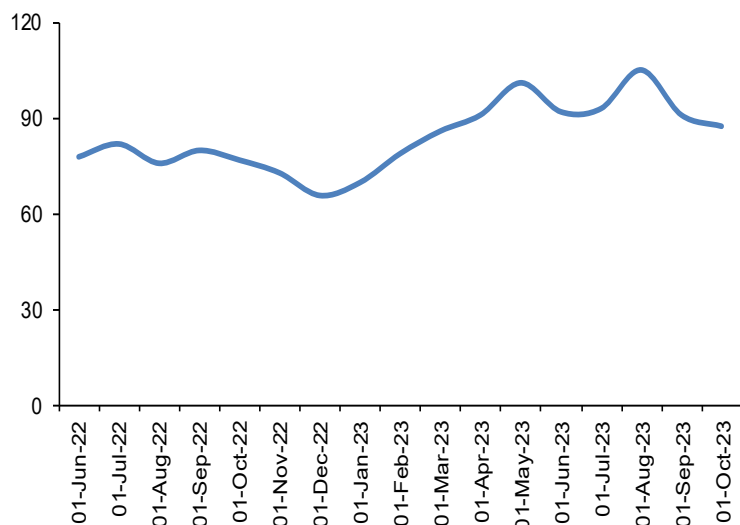
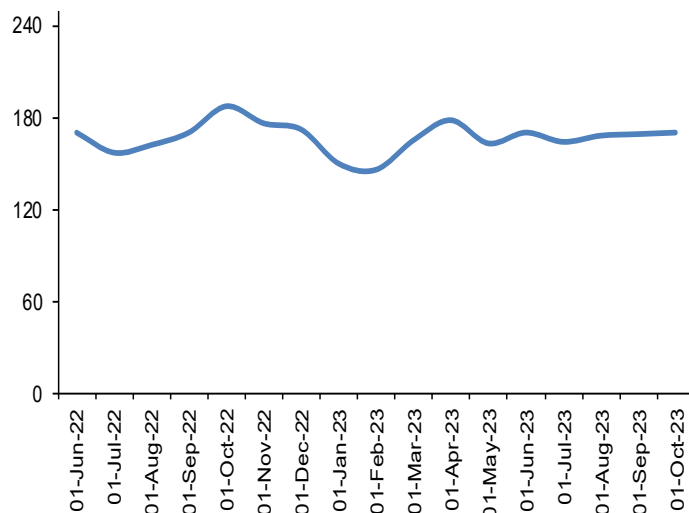
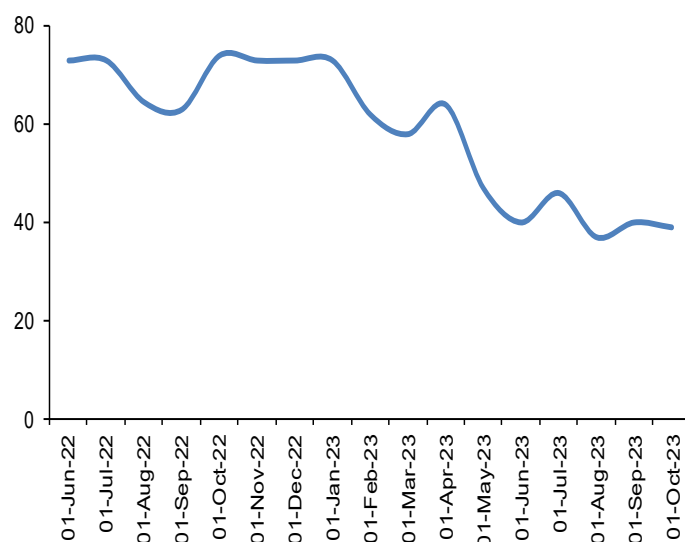
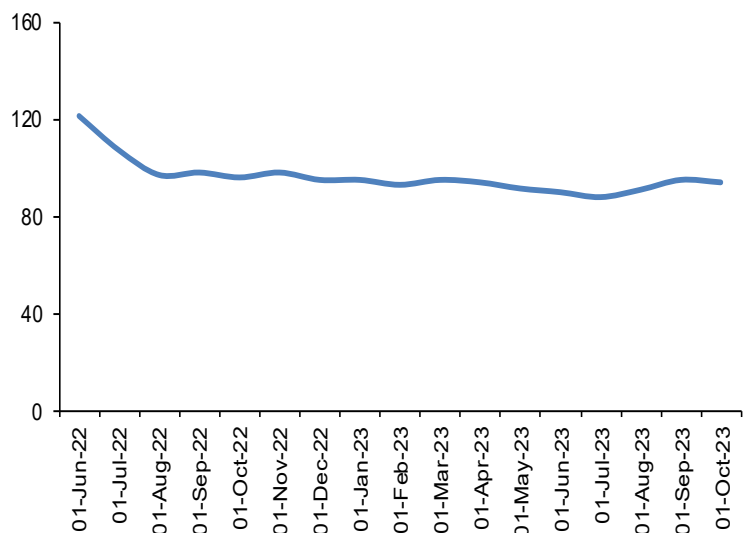
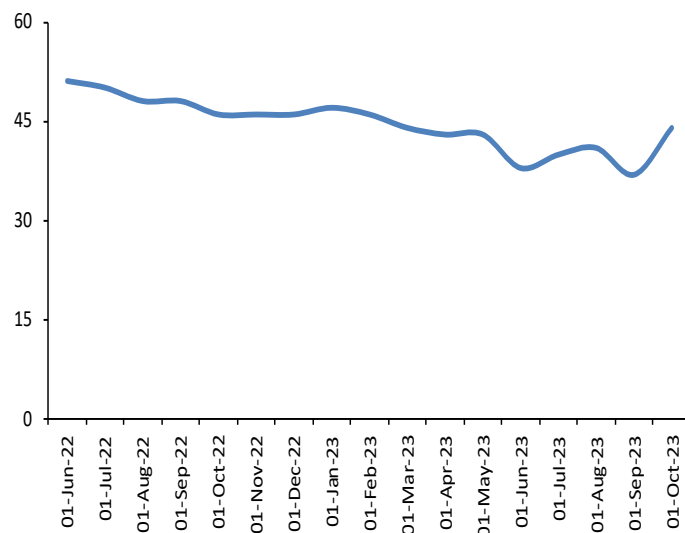
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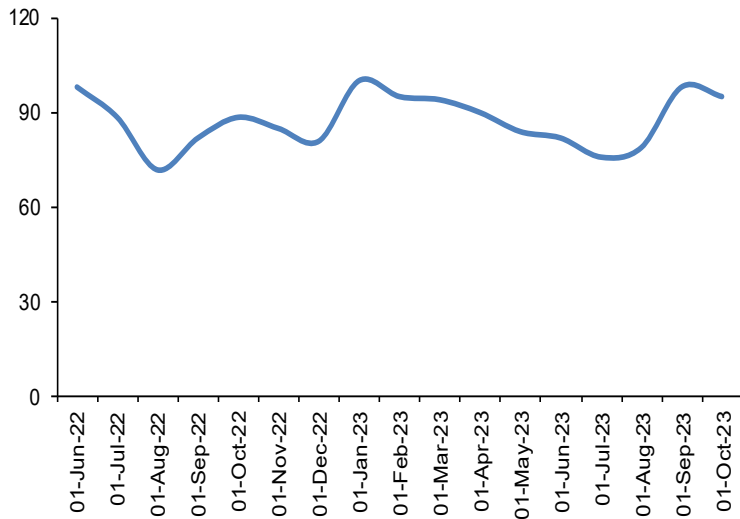
Chemicals Monthly Update (September 2023)

Acetone prices down ~4% MoM (Price Rs./Kg)**Aniline prices improved marginally MoM (Price Rs./Kg)****Benzene prices up ~2% MoM (Price Rs./Kg)****Caustic Soda prices down ~4% MoM (Price Rs./Kg)****Ethyl Acetate prices decline marginally MoM (Price Rs./Kg)****Soda Ash prices up ~19% MoM (Price Rs./Kg)**

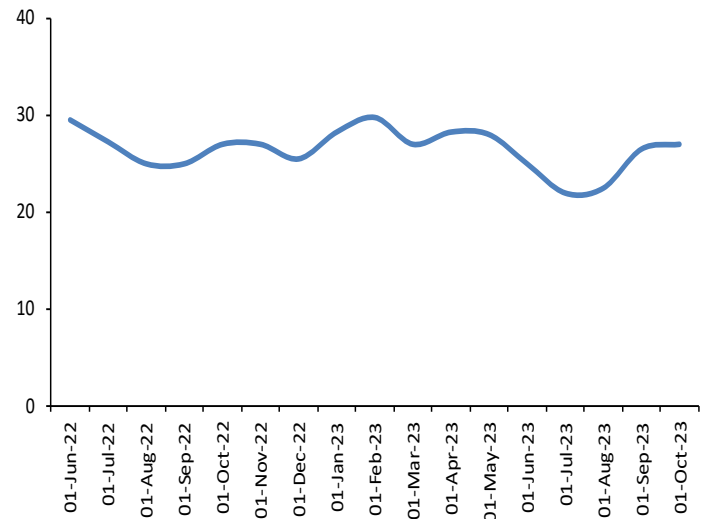
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Chemicals Monthly Update (September 2023)

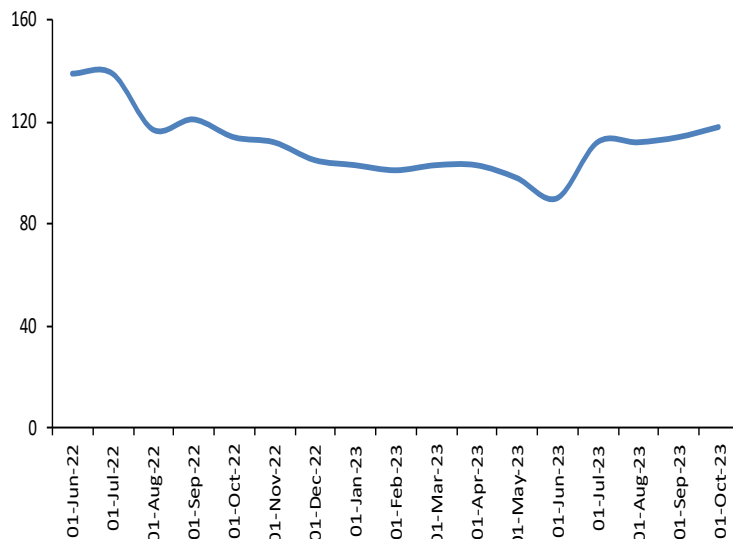
Isobutanol down ~3% MoM (Price Rs./Kg)



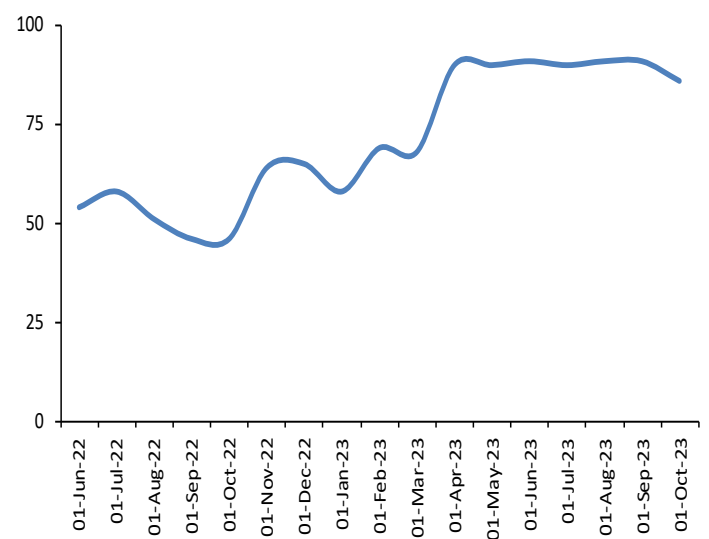
Methanol prices up ~2% MoM (Price Rs./Kg)



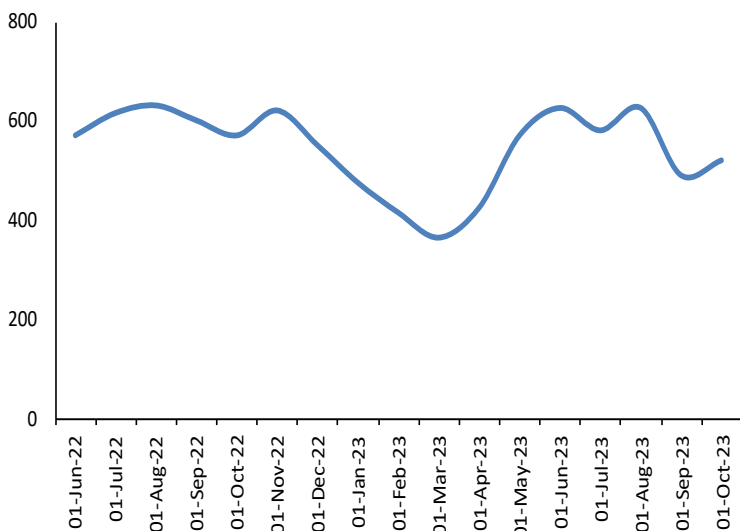
Phenol prices up ~4% MoM (Price Rs./Kg)



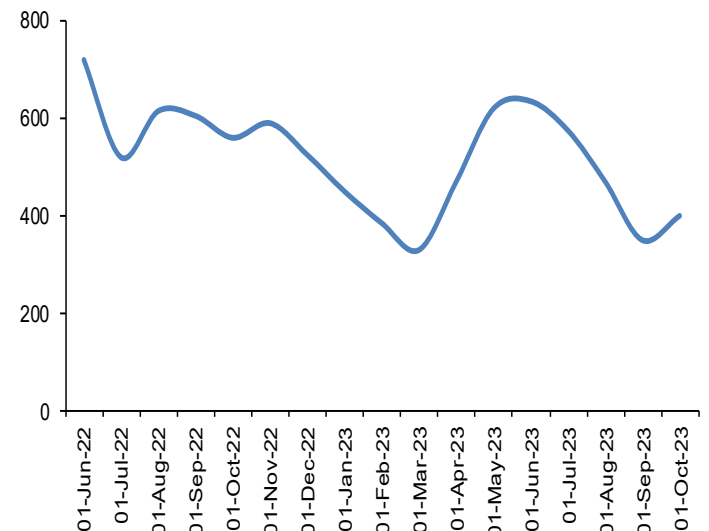
Ethanol prices were flat MoM (Price Rs./Kg)



Refrigerant R22 prices improved MoM (Price Rs./Kg)



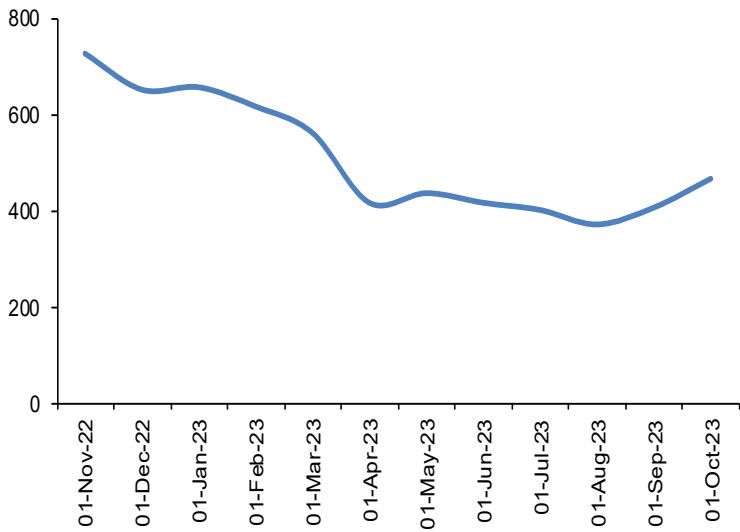
Refrigerant R134a prices improved MoM (Price Rs./Kg)



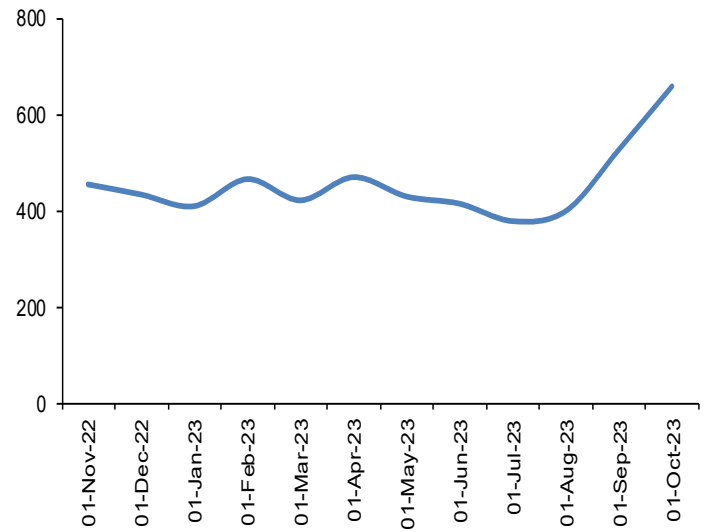
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Chemicals Monthly Update (September 2023)

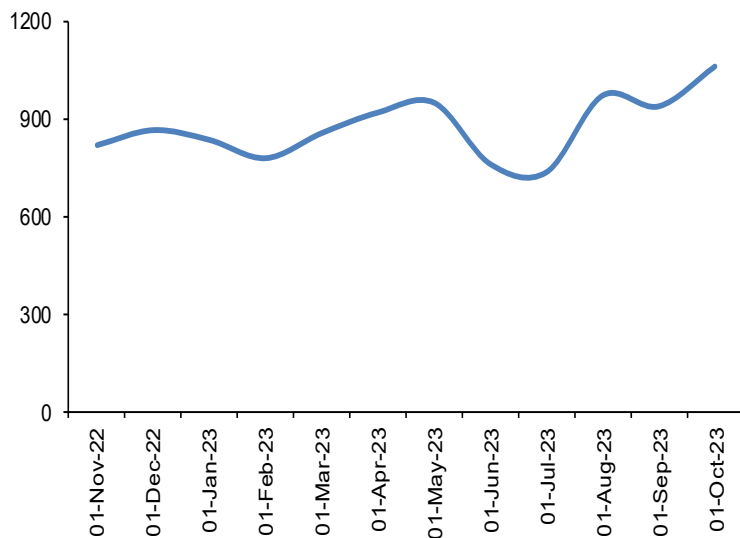
China Caustic Soda (USD/MT)



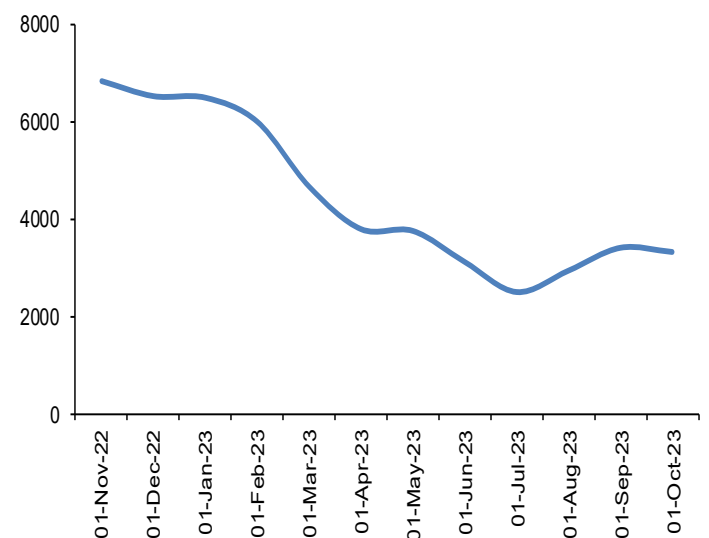
China Acetic Acid (USD/MT)



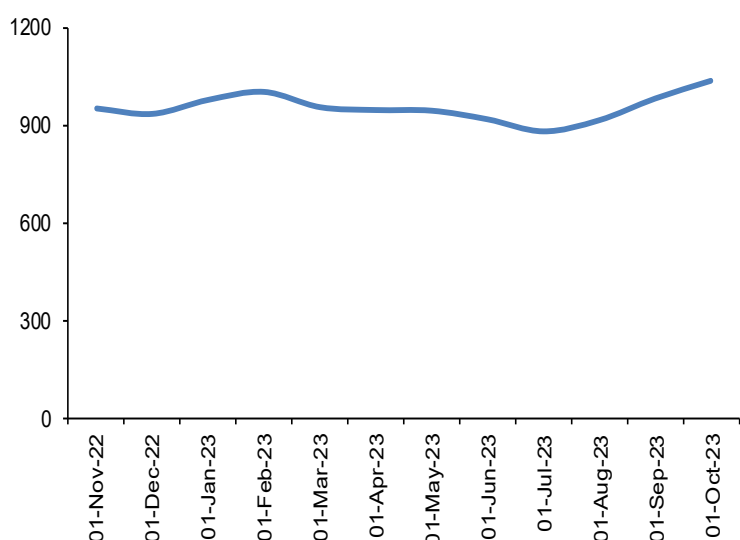
China Acetone (USD/MT)



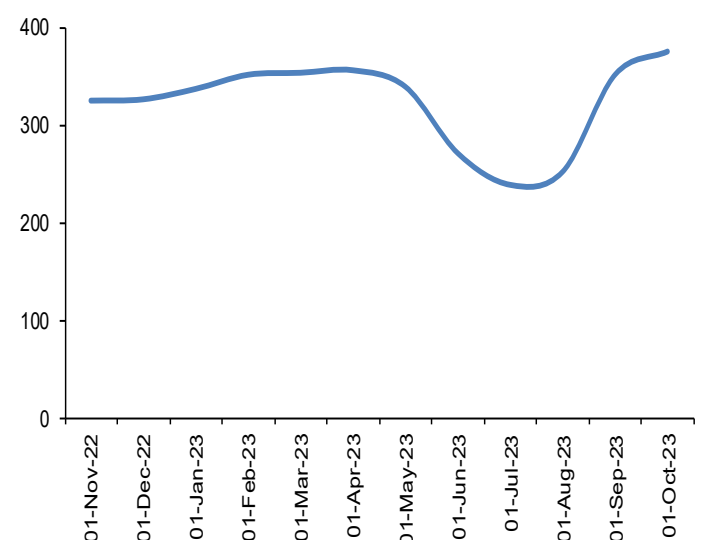
China Bromine (USD/MT)



China Ethyl Acetate (USD/MT)



China Soda Ash FOB (USD/MT)



Source : Bloomberg



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