



Free Membership
 7-day free trial

Sign me up!

Home Chemicals Chemical fibers Cotton&textiles B2B Events Executive club

Live News Morning Express Daily Weekly Operation report Monthly
 Annual report Insight Industry News Economy Database

Insight | Time: Nov 15 2016 4:02PM

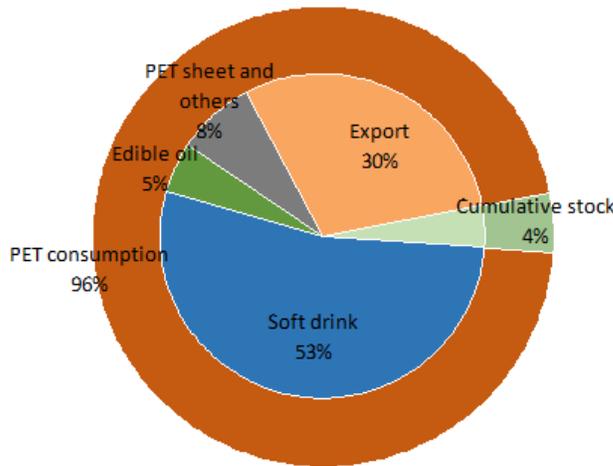
PET bottle chip downstream roundup in Jan-Sep 2016

Save Print

+ Text size -

PET resin production was estimated at 3.49 million tons in the first 3 quarters of 2016, year on year up 4%. Soft drink takes a dominant 80% of total Chinese PET demand. NBS data showed that soft drink production totaled 140 million tons in Jan-Sep 2016, raising 3.5% versus the same period in 2015, which slowed on year. Over 50% of the growth was contributed by packaged drinking water, while edible oil and PET sheet sectors maintained marginal growth. According to Customs data, PET resin exports totaled 1.57 million tons in the first three quarters, hiking more than 13% on annual basis, however Sep exports slumped 28.7% month on month as beverage sales entered into slack season amid slipping industry run end Q3. PET resin supply tightness eased though some plants were still undergoing maintenance. In all, PET bottle chip fundamental maintained healthy in Q1-Q3 and inventory was continually falling.

PET bottle chip demand distribution in Jan-Sep 2016



Source: CCFGroup

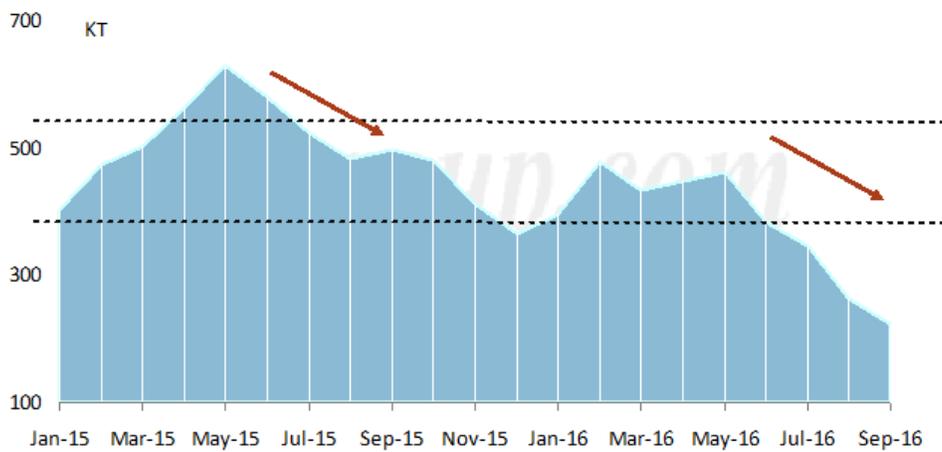
RELATED ARTICLES

- PET fiber chip market daily (Nov 28, 2016)
- PET bottle chip market daily (Nov 28, 2016)
- PET resin exports see steep decline in Oct
- PET bottle chip market morning express (Nov 28, 2016)
- PET fiber chip market weekly (Nov 21-25, 2016)
- PET bottle chip market weekly (Nov 18-25, 2016)
- PET bottle chip market daily (Nov 25, 2016)
- China's PET bottle chip export market keeps roughly stable
- PET bottle chip market morning express (Nov 25, 2016)
- PET bottle chip market daily (Nov 24, 2016)

RESEARCH

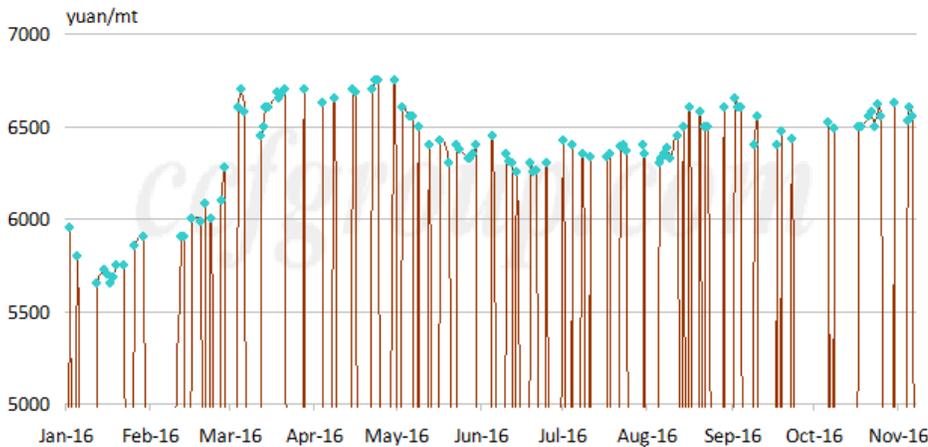
- View industrial development from polyester-nylon-spandex ...
- Cotton yarn price ends unilateral downtrend, how it will ...
- Probe into Bangladesh garment development from cotton yarn ...
- PIY market development and investment value analysis
- Probe into the features of China's textile and apparel ...
- The development of spandex industry in China

China PET bottle chip inventory



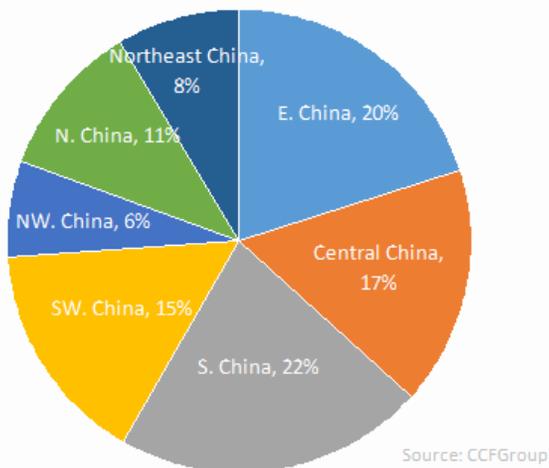
Purchasing cycle: downstream plants mostly refilled PET resin in end Feb—early Mar and late Mar in Q1. PET price presented a bit stagnated in Q2, but factory inventory rapidly digested amid good order intake. Delivery tightness was easy to catch during that short period. Plus, the lasting extreme weather nationwide also helped stoke beverage demand since end May, as a result, PET producers shortened delivery cycle and buyers refilled PET intensively (Note: the concentration degree of dots and thickness degree of the line represents purchasing trend). PET bottle chip factory inventory reduced to 10-15 days around end Q2 to early Q3, a nearly 3-year low position. However, demand this summer way outpaced demand, hence even the stock level is marginally higher than the historical low point, delivery remained quite tight. Meanwhile, supply tightened further on G20 impact. With downstream entering off season near end Q3, PET delivery tightness eased.

Purchasing point by large PET downstream plants 2016



PET consumption: East China and south China remains the major PET consumption areas, bolstered by the dense population, vast rigid demand basis as well as relatively developed economy. But east China market share gradually withered as southwest China, northwest China and central China's share has been lifting amid newly online capacities. In the third quarter, demand in north and northwest China may see substantial decrease as temperature falls while south China, such as Guangzhou and Shenzhen, where relatively hotter, may sustain rigid demand.

PET consumption by region in Jan-Sep 2016



Soft drink plants operating condition: China soft drink operating rate rose gradually in Q1 while slipped during Q2 to early Q3 in the wake of rising market prices and slower downstream purchases, which lifted again later, as packaged drinking water demand improved on the back of lasting extreme weather. With summer season passing by in end Q3, some beverage plants planned maintenance in Q4, hence beverage O/R may see obvious decline later on. Collectively, soft drink output maintained steady y-o-y growth in the first three quarters and PET rigid demand increased was moderate.

Average O/R of soft drink industry in recent 3 years

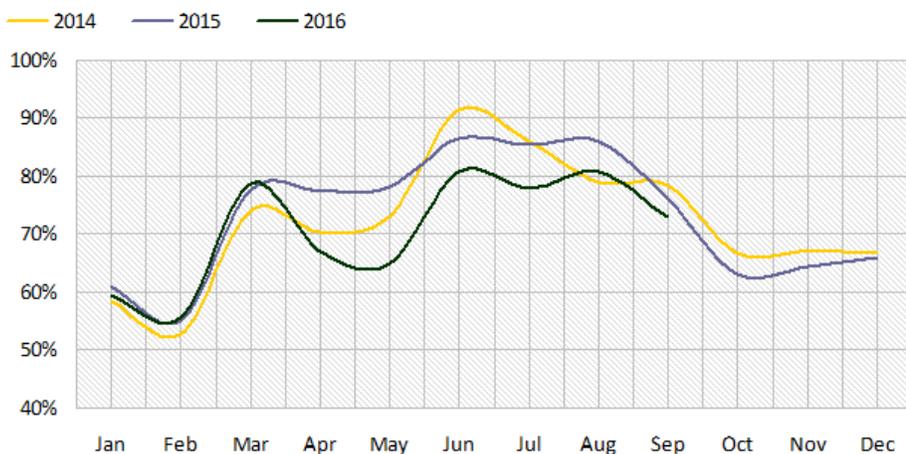


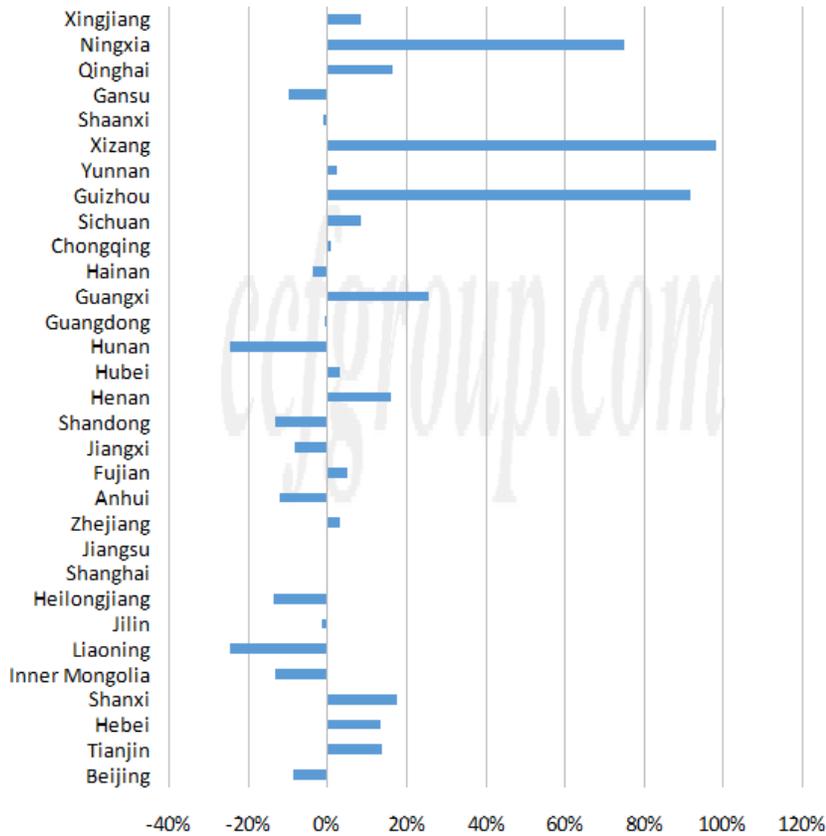
Figure 1. Soft drink operating rate in each province in Jan-Sep 2015-2016

Province	Jan-Sep 2015	Jan-Sep 2016	Change
Beijing	68%	62%	-6%
Tianjin	72%	75%	2%
Hebei	86%	85%	-1%
Shanxi	54%	64%	10%
Inner Mongolia	45%	39%	-6%
Liaoning	65%	49%	-16%
Jilin	83%	62%	-21%
Heilongjiang	69%	51%	-18%
Shanghai	69%	69%	0%
Jiangsu	67%	67%	0%
Zhejiang	73%	67%	-6%
Anhui	77%	68%	-9%
Fujian	80%	85%	4%
Jiangxi	89%	71%	-19%
Shandong	79%	69%	-10%
Henan	86%	88%	2%

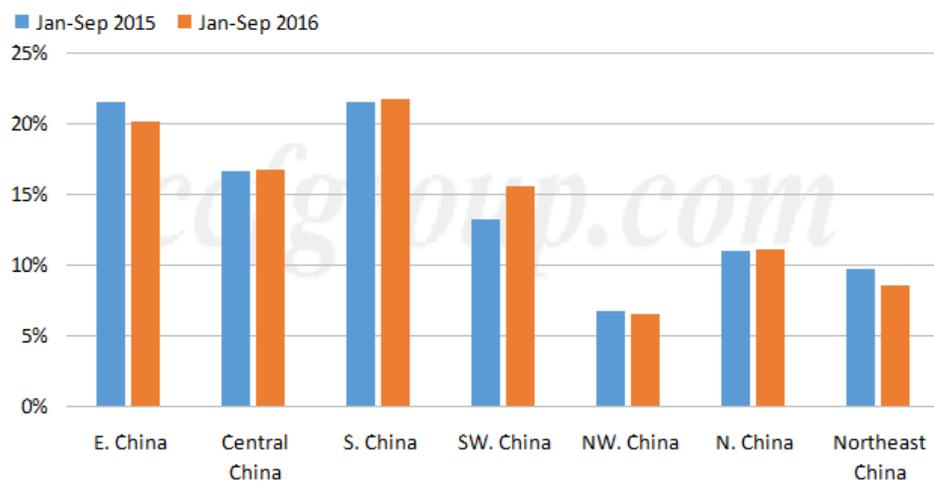
Submitted by Compagnie Selenis Canada

Hubei	91%	86%	-4%
Hunan	59%	44%	-14%
Guangdong	78%	78%	0%
Guangxi	82%	52%	-30%
Hainan	68%	66%	-2%
Chongqing	86%	76%	-10%
Sichuan	74%	81%	6%
Guizhou	90%	82%	-8%
Yunnan	97%	89%	-8%
Xizang	52%	62%	10%
Shaanxi	76%	75%	-1%
Gansu	67%	60%	-6%
Qinghai	52%	61%	9%
Ningxia	50%	64%	14%
Xingjiang	72%	72%	0%

China soft drink output y-o-y change for the first 3 quarter of 2016

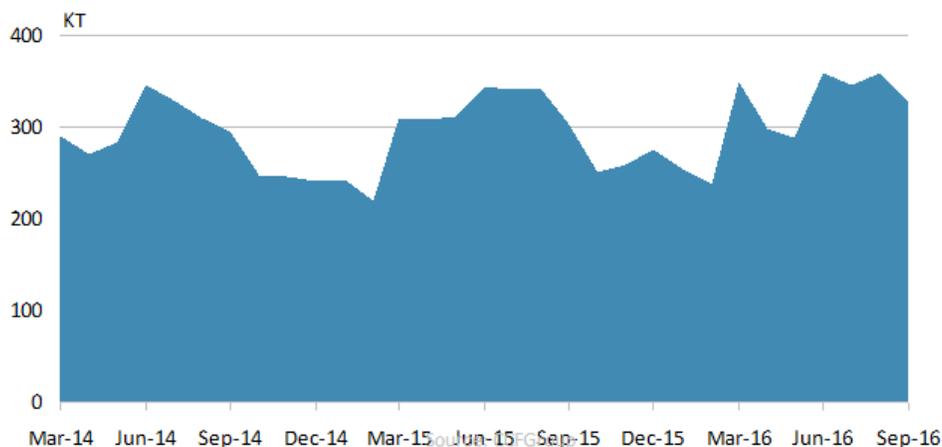


China soft drink regional output comparison



In Jan-Sep, PET consumption in soft drink sector totaled 2.8 million tons, year on year up 90-100kt, which accounts for 80% of China's PET domestic demand. Since exports were good in the first three quarters and domestic demand also increased marginally, factories destocked in a rapid pace and sales were good on the whole. Thus, low stock and high O/R sustained for a long while.

Soft drink demand for PET



Conclusion

PET bottle chip market maintained tightly balanced in the first 3 quarters, as destocking activity was effective and downstream demand for PET increased modestly. On the larger basis, China domestic PET demand increase might be limited in 2016. PET production level may also slip as only China Resources Zhuhai has put a 300kt/year new unit online in the fourth quarter, which may impact little on actual output. PET market may face fiercer competition later on as a spate of new capacities are slated for first half of 2017, requiring deeper exploitation of export market, while anti-dumping investigations filed by Indonesia and Japan could deteriorate the situation.

\$1=CNY6.87

[About Us](#) | [Contact Us](#) | [Our Service](#) | [Feedback](#)
 Copyright ©2016 All Rights Reserved



China ICP License: [浙B2-20110322-3](#)



Submitted by Compagnie Selenis Canada 浙公网安备 33010902000742号

