



## Caustic Soda (Africa)

Editor: Mark Victory, [mark.victory@icis.com](mailto:mark.victory@icis.com)

SPOT PRICES					
Click for Price Range			Price Range		Four weeks ago
<b>SOLID</b>					
<a href="#">CFR DURBAN</a>	USD/TONNE	n/c	<b>380-440</b>	n/c	n/a-n/a
<a href="#">CFR KENYA</a>	USD/TONNE	n/c	<b>390-460</b>	n/c	n/a-n/a
<b>LIQUID</b>					
<a href="#">FOB NORTH AFRICA</a>	USD/DMT	n/c	<b>270-320</b>	n/c	n/a-n/a
<a href="#">CFR DURBAN</a>	USD/DMT	n/c	<b>340-360</b>	n/c	n/a-n/a

**NOTE: For full details on the criteria ICIS pricing uses in making these price assessments visit [www.icispricing.com](http://www.icispricing.com) and click on "methodology".**

### Southern Africa

Players were expecting solid and liquid spot prices to rise by up to \$20/tonne moving into October due to tight supply in Asia and Europe and strengthening local demand. Nevertheless, following increases earlier in September, prices were stable this week at \$380-440/tonne CFR Durban for solid and \$340-360/tonne CFR Durban for liquid.

Some players also said that there was a lag effect from the tight supply in other regions, as many local buyers had booked inventories at the start of August and would not re-enter the import market until October.

The top end of the spot ranges was representative of material shipped from Asia, where supply restrictions were compounded by high freight rates of \$80-100/tonne due to limited vessel space. This was attributed to ships being decommissioned during the economic downturn of 2008 and 2009, and improving macro-economic conditions meant that demand was now outstripping supply.

Availability was low in Asia for several reasons. In China, government energy restriction had reduced local chlor-alkali production rates, sources said. The Mid-Autumn Festival and National Day holiday in China also meant that exports were limited. In India material was tight because of strong demand, although some exporters in the region speculated that production was being kept artificially tight to force prices higher.

In Taiwan the Fanapi typhoon was disrupting chlor-alkali production rates, local exporters said. Fanapi is Taiwan's first major typhoon this year, which has reportedly claimed more than 100 casualties and caused an estimated New Taiwan dollars (NT\$) 3bn (\$95m) of damage to the island's manufacturing sector, based on the latest official estimate. Petrochemical operations in the southern province of China were not affected, but the weather disturbance halted shipments in Guangzhou port and disrupted transport by land, industry sources said.

One Asian exporter reported prices as high as \$530/tonne CFR Durban for liquid caustic soda, but this was not seen as representative of the bulk of the market.

In Europe supply was limited by production outages in the region.

German caustic soda producer Vestolit declared force majeure (FM) on caustic soda and poly vinyl chloride (PVC) on 1 September, which was expected to last around 10 weeks. Caustic soda buyers were on 40% allocation.

Additionally, there was no resumption of production at Polish producer **Anwil**, which declared FM and has not made caustic soda since an incident at its electrolysis unit in June.

Finally, market sources said that **AkzoNobel** had begun a planned turnaround at its Rotterdam caustic soda unit that it announced earlier this month.

Players exporting material to Africa were expecting volumes to remain limited throughout the fourth quarter.

Prices at the bottom end of the spot ranges were for material originating from the Middle East, where availability was better than Asia and Europe. Freight rates from the Middle East to southern Africa were reported at around \$40/tonne.

Some sources said that prices were as low as \$300/tonne, but this was not seen as reflective of the general market.

In the domestic market, liquid material was in short supply due to recent production outages at major local producers Sasol and NCP Chlorchem. As a result, local producers were only offering liquid material on a contractual basis, sources said.

Production at Sasol's Sasolburg chlor-alkali complex was expected to return to normal operating rates over the weekend of 25-26 September following planned maintenance, a company source said. The outage began on 1 September, and was initially expected to last until 14 September. Nevertheless, technical problems meant that the restart was not begun until the weekend of 18-19 September.

The source added that with South Africa's national Heritage Day on Friday 24 September, the company was expecting demand to be quieter allowing it to refill pipelines over the course of the long weekend. The source could not confirm the nameplate capacities for these products.

**NCP Chlorchem** halted production at its 180,000 tonne/year caustic soda plant at Kempton Park for 14-25 August, for planned maintenance.

Local solid spot prices were equivalent to import values, sources said.

Consumption was increasing, players said, driven by stronger buying interest from the major downstream pulp and paper and detergent markets, which was attributed to seasonal factors. Pulp and paper demand was expected to remain high through most of the fourth quarter due to consumption linked to the Christmas holiday period.

October contract discussions were expected to begin next week, sources said. Players were unable to forecast October prices until discussions began, due to uncertainties over the exchange rate for the South African Rand against the US dollar.

## Northern Africa

Liquid spot prices rose by \$20-40/tonne, to \$270-320/tonne FOB north Africa, buyers and sellers confirmed. This was attributed to heavy export activity to the Mediterranean because of supply constraints in Europe (see southern Africa section) and rising local demand.

The increase in domestic consumption was attributed to seasonally high activity in the major soap and detergent markets. Some players also saw a restocking effect following the end of the Ramadan and Eid holiday period.

Most players were expecting high export activity to the Mediterranean to last until November, on forecasts that supply in the region would remain constricted. Nevertheless, one Egyptian producer said that it was expecting export demand to decline after the end of September as availability in Europe improved. Demand for northern African product was particularly strong from Turkey and Italy, sources said.

The high end of the range was representative of exports from Egypt, where demand from Europe was strongest, sources confirmed.

## Eastern Africa

Exports to Kenya were limited due to tight supply in Asia and Europe, sources confirmed (see southern Africa section). Nevertheless, solid spot prices were stable at \$390-460/tonne CFR, following price increases of \$30-35/tonne in the last two weeks.

One exporter reported solid prices as high as \$480/tonne CFR Kenya, but this was not seen as reflective by the majority of the market.

The top end of the range was for material originating from Asia, due to continued high freight rates of around \$100/tonne and tight supply.

The bottom end of the range was representative of material sourced from the Middle East, because of greater availability in that region.

Low availability led some local players to expect price increases over the next few weeks, although it remained too early to predict the extent of any price rise.

Liquid spot import prices were reported by one exporter at around \$420/DMT CFR Kenya, a rise of \$70-80/DMT from last week, due to tight supply.

Consumption in east Africa was high due to peak season demand in the major downstream soaps and detergents market, sources said. Some sources said that demand from the oil industry was also boasting caustic soda demand, as oil suppliers were operating at full rates – caustic soda is used as a cleaner at oil refineries.

## Western Africa

Despite continued tight supply and strong demand in west Africa, solid spot import prices were stable at \$420-450/tonne following increases of \$50/tonne at the top end of the range in the last two weeks, sources confirmed.

Low availability of material was attributed to a lack of imports from Asia and Europe, due to tight supply in those regions (see southern Africa section).

Strong demand was due both to heavy consumption from the downstream mining sector – particularly from the oil and gold sectors – and pre-buying ahead of the end of the rainy season in October. Demand was expected to further increase once the rainy season was over, and this could lead to price rises in the coming week, sources said.

(\$1 = €0.75)

***This week on ICIS ( www.icis.com ):***  
***23/09/2010 12:05 Sasol's Sasolburg chlor-alkali back up after delayed restart***  
***22/09/2010 18:52 Dow's Brazil caustic soda plant running at reduced rates***  
***21/09/2010 18:51 August US chlor-alkali operation rates hit 93%***

[Price history](#) | [Related reports](#) | [Full report list](#) | [Price Alert](#) | [Plant performance data](#)  
[Currency conversion \(real time\)](#) | [Glossary](#) | [Methodology](#) | [Latest product news](#) | [Find a](#)

[supplier](#)

ICIS pricing accepts no liability for commercial decisions based on the content of this report.

**For information** about multiple subscriptions and licences to this information product, or for permission to photocopy or redistribute individual reports, please call the relevant office:  
London: +44 20 8652 3335,  
[sales.uk@icis.com](mailto:sales.uk@icis.com)  
Houston: +1 713 525 2600,  
[sales.us@icis.com](mailto:sales.us@icis.com)  
Singapore: +65 6789 8828,  
[sales.ap@icis.com](mailto:sales.ap@icis.com)

**Copyright violation is a serious offence.** Any distribution or forwarding of information which is not expressly permitted by your subscription agreement is a copyright violation. ICIS pricing will be using software to monitor unauthorised electronic redistribution of reports. Copyright 2010 Reed Business Information Limited. ICIS pricing is a member of the Reed Elsevier plc group.

**Customer Support Centre**  
+44 20 8652 3335 or toll free from US/Canada: +1 888 525 3255  
ICIS pricing: [www.icispricing.com](http://www.icispricing.com)  
ICIS News: [www.icis.com/news](http://www.icis.com/news)  
ICIS website: [www.icis.com](http://www.icis.com)