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ISSUE NUMBER: 011

8 June, 2009

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Published by:

CCAON
中国氯碱网

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CAUSTIC SODA

➤ Raw Material: Industry salt market

Domestic salt market was almost stable in May. Producers postponed production of new cargoes as the rainy weather, and solar salt market had not impacted whole salt market as previous years. New solar salt output had shrunk evidently and prices climbed slightly. Well salt prices kept stable at low level, and producers were intending to raise prices. For lake salt, conclusions showed to be gloomy, but there was limited room for prices to slide.

	Prevailing prices			Market movement
	Region	Price Property	RMB/mt	
Solar salt	Shandong	ex-work	180 (better quality)	Domestic solar salt market presented actively in May with smooth conclusions. Main producers in Shandong and Hebei had to postpone collecting new cargoes as saline had been destroyed by the rainy weather. There were only limited new tonnages into market, and some producers raised prices slightly.
	Tianjin	ex-work	220	
	Jiangsu	ex-work	240	
	Hebei	ex-work	175-185	
	Liaoning	FD	230	
Lake salt	Inner Mongolia	ex-work	170-190	Lake salt market showed to be insipid last month, price kept stable, but producers were facing large sale pressure. Most of Qinghai cargoes were sold to other NW.China market, but buyers were not active to stock as caustic soda price decline. It was also difficult for Qinghai producers to sell cargoes as downstream gloomy caustic soda market.
	Qinghai	spot	170-180	
Well salt	Sichuan	ex-work	230-250	Domestic well salt market moved stably in May, prices kept stable and conclusions maintained to be steady. Producers adjusted operating rate to assure stable conclusions, and they were with limited stock pressure. The limited output of new solar salt cargoes was also favorable for well salt market.
	Hunan & Hubei	ex-work	200-220	
	Yunnan	FD	340	
	Jiangsu	spot	270-280	

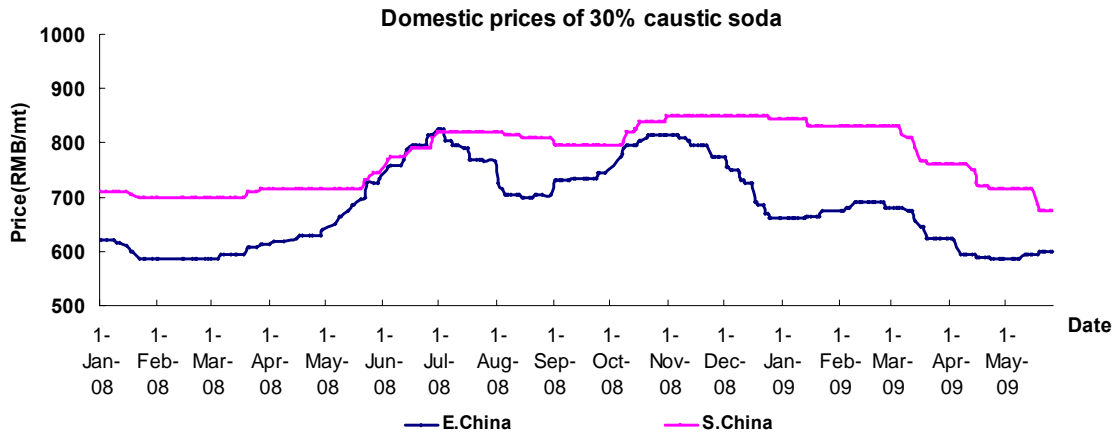
➤ Domestic market

DOMESTIC PRICES OF LIQUID CAUSTIC SODA

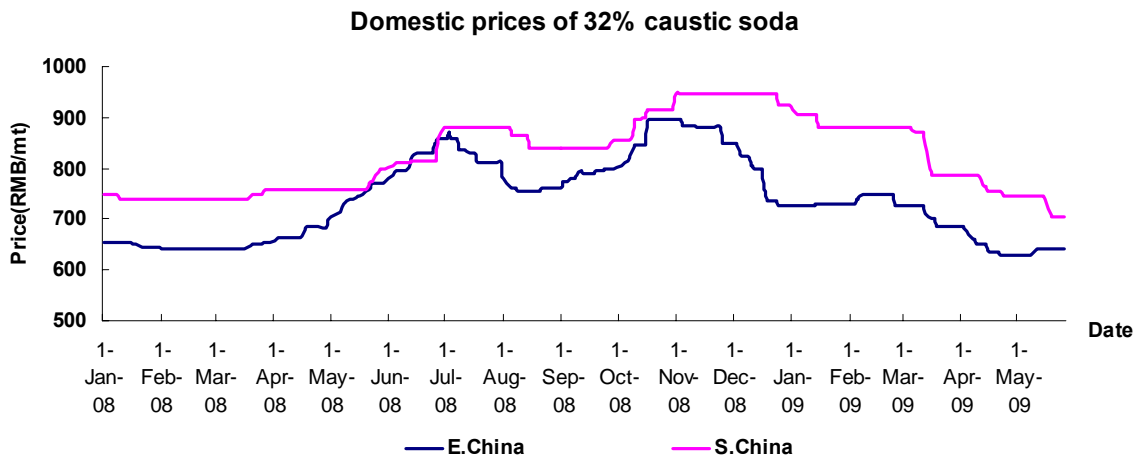
Region	Prevailing prices (RMB/ mt)				Market movement
	D-30%	Four weeks ago	M-32%	Four weeks ago	
E.China	550-650	520-650	590-690	570-690	E.China market showed to be different from other districts of China, Jiangsu took the lead in increasing caustic soda prices for RMB 20/mt in the middle ten days of May after market consolidating in the first ten days of month. Then prices kept stable in the end month. Producers in Shanghai and Zhejiang kept relative high price level due to the declined output, but market had been impacted by other district cargoes with lower prices in later May.
S.China	640-710	680-750	670-740	710-780	S.China caustic soda market showed downward trend in May. Traders could stock cargoes from N.China with low price level, and S.China downstream market was insipid, which could not support caustic soda prices. Marketers took wait and see attitude, and conclusions tended to be sluggish.
N.China	445-500	445-520	480-560	510-560	N.China caustic soda market presented to be flat in May. Although producers in Shandong had raised offers for RMB 10-20/mt, conclusions prices tended to continue the same level of April. Tianjin caustic soda prices had dropped evidently in May, the insipid export conclusions also impacted domestic market.
NW.China	420-440	450-470	450-470	515-540	After the Labor Day, in NW.China caustic soda prices dropped sharply and most producers operated at full rates, which caused large stock pressure.
NE.China	600-650	600-650	650-720	650-720	In May, NE.China producers were facing great sale pressure although they had reduced output, downstream buyers kept insipid demand and stocked only limited volume. Sellers had to reduce prices to improve sale.
SW.China	510-540	600-630	600-620	660-690	There were more competitions in SW.China caustic soda market last month. After the middle ten days of month, some producers with large output had to reduce prices to improve sale.
C.China	510-600	510-620	550-660	550-660	Caustic soda market kept stable prices with gloomy conclusions in C.China, supply and demand was almost balanceable in May. Although alumina producers had restored production gradually, the declined alumina prices could support caustic soda prices to rise in later market.

D-30%: Diaphragm grade 30% liquid caustic soda

M-32%: Membrane grade 32% liquid caustic soda



(Average prices from 1st Jan in 2008 to 31st May in 2009)



(Average prices from 1st Jan in 2008 to 31st May in 2009)

DOMESTIC PRICES OF FLAKE CAUSTIC SODA

Region		Prevailing prices (RMB/ mt)		Market movement
		96%	99%	
E.China	The first week	2650-2900	2700-2950	E.China flake caustic soda prices showed to be disordered and conclusion prices presented the downward trend in May. There were cargoes from Shandong processing traders with lower prices, which had large impact on E.China market.
	The second week	2600-2800	2700-2950	
	The third week	2600-2800	2700-2850	
	The last week	2600-2800	2700-2850	
S.China	The first week	2700-2900	2750-2950	Flake caustic soda prices dropped in S.China last month. Cargoes from NW.China had some impact on local market, and downstream
	The second week	2700-2900	2750-2950	
	The third week	2600-2800	2750-2900	

	The last week	2600-2800	2750-2900	demand tended to be insipid.
N.China	The month	2350-2500	2500-2600	N.China flake caustic soda prices slid evidently, the shrunk export volume caused domestic market to be more gloomy.
NW.China	The month	2150-2200	2200-2300	NW.China liquid caustic soda prices dropped sharply in May. Most producers operated at full rate, which caused to large stock level. Prices of flake caustic soda also slid for about RMB 300/mt last month.
SW.China	The month	2600-2700	2650-2850	In May, flake caustic soda prices had slid in most districts of China, and SW.China producers reduced to sell cargoes to other districts. However, prices in SW.China also declined in the middle ten-day of month as downstream weak demand.

➤ Export market

Export market kept gloomy for liquid caustic soda in May, prices slid and conclusions were thin. Most offers were about USD 250/mt FOB, but counter prices from foreign buyers maintained at USD 200/dmt FOB or lower, so most producers were inclined to sell in domestic market and with limited intent to export cargoes at such low price level. An important supplier in Shanghai took maintenance and there were almost no cargoes exported. It was heard that a Jiangsu producer exported tonnages to USA in the end month with USD 250/dmt FOB, causing a surprise among some traders. However, there were seldom conclusions for other producers in May. In addition, the ACP negotiation between main Asian suppliers and Australian alumina buyers began in the end month, sellers offered about USD 300-330/dmt FOB, but buyers would not like to buy higher than USD 200/mt FOB, and the negotiation might take a long time as the large gap between both sides.

Export market presented to be little insipid in May. In the first ten days of month, some producers raised operating rate as PVC market showed some signs to turn better, and caustic soda output had expanded, which caused domestic prices to slide. Export prices also dropped as domestic price decline and sluggish demand from foreign buyers. In the first ten day of May, Tianjin offered at USD 420-440/mt FOB for 99% flake caustic soda, and prices might drop to about USD 415/mt FOB if buying volume was large, Xinjiang producers reduced offer to USD 410/mt FOB in Tianjin port and still faced sale pressure. Shandong producers adjusted offers to USD 420/mt FOB for 98.5% flake caustic soda in Qingdao port with little sluggish conclusions. Anhui sellers offered high bids of USD 440/mt FOB in Shanghai port on limited stock pressure. Sichuan producers offered at USD 410-420/mt DAF in SW.China frontier, Xinjiang offered stably at USD 410-425/mt DAF and conclusions tended to be gloomy.

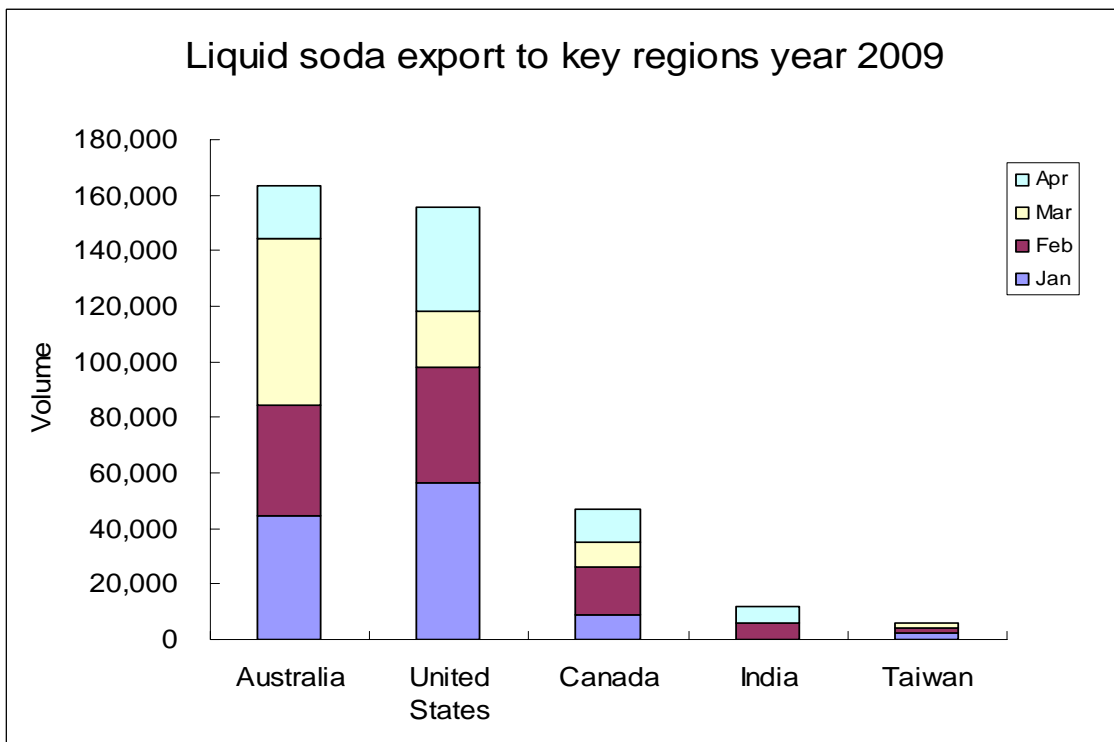
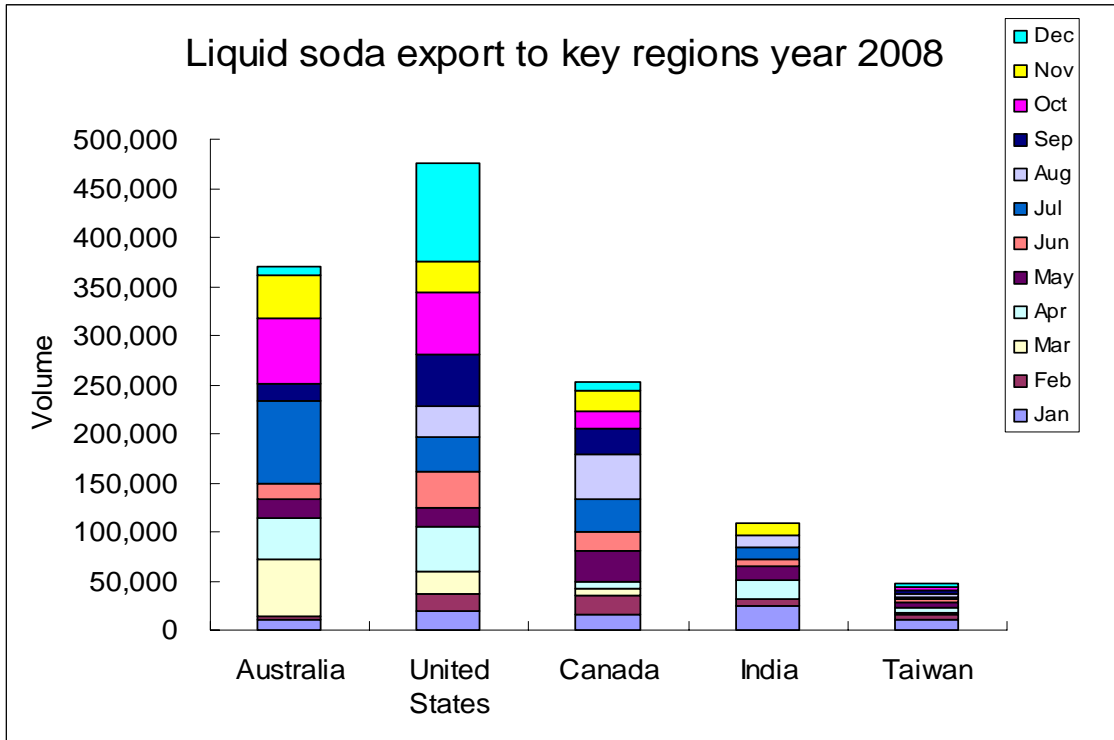
In the middle and last ten days of month, export prices were mainly stable for flake caustic soda, and there were several producers reduces prices slightly on export pressure. By the end of month, export offers for Tianjin cargoes slid to USD 420-430/mt FOB, prices of Shandong

cargoes declined to USD 410/mt FOB in Qingdao port, and prices for Anhui cargoes were reduced to USD 420-430/mt FOB in Shanghai port. Foreign downstream producers operated at low rare, and their demand for caustic soda had not improved, which caused Chinese export market to develop slowly.

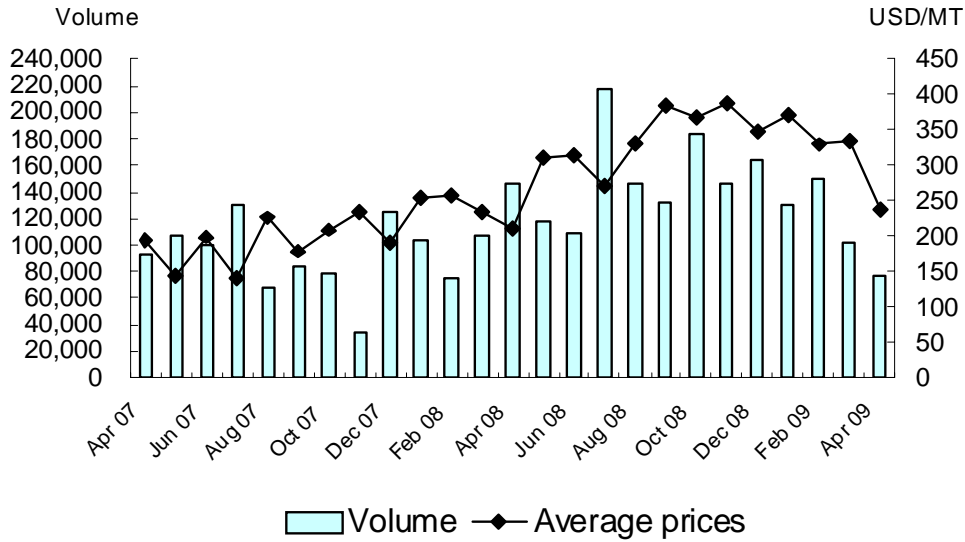
EXPORT CAUSTIC SODA

Main Harbor		Class		Low range	Top range	Sources from
Tianjin		98%	FOB	410	430	Xinjiang
		99%	FOB	410	430	Tianjin, Xinjiang, Ningxia
		96%	FOB	390	400	Inner Mongolia, Tianjin
		48%-50%	FOB	-	-	Tianjin
Shanghai		98%	FOB	420	430	Anhui
		99%	FOB	420	430	Anhui, Shanghai
		96%	FOB	-	-	Shanghai
		48%-50%	FOB	200	230	Shanghai
Frontier Trade	Northwest	99%	DAF	410	420	Xinjiang
	Southwest	96%	DAF	380	380	Guizhou, Sichuan
		98%	DAF	410	420	Guizhou, Sichuan
		99%	DAF	410	420	Guizhou, Sichuan
	South	72%	DAF	-	-	-
Small ports	East	48%-50%	FOB	200	250	Jiangsu
	South	48%-50%	FOB	RMB 1500	RMB 1600	Guangdong
	Northeast	48%-50%	FOB	-	-	Liaoning
	North	98.5%	FOB	400	410	Shandong

CHINA LIQUID CAUSTIC SODA EXPORTS IN APRIL 2009		
To	Volume Tons	Average prices USD/MT
Canada	11,702	216
Hongkong	930	181
India	6,014	205
S. Korea	2,592	257
Iran	25	308
Vietnam	150	435
Australia	18,860	257
United States	37,247	239
Total	77,520	
Note: * Marked information seems to be deviant		
All data sourced from CIQ		



The volume and average prices of China's Export Liquid Caustic soda 2009



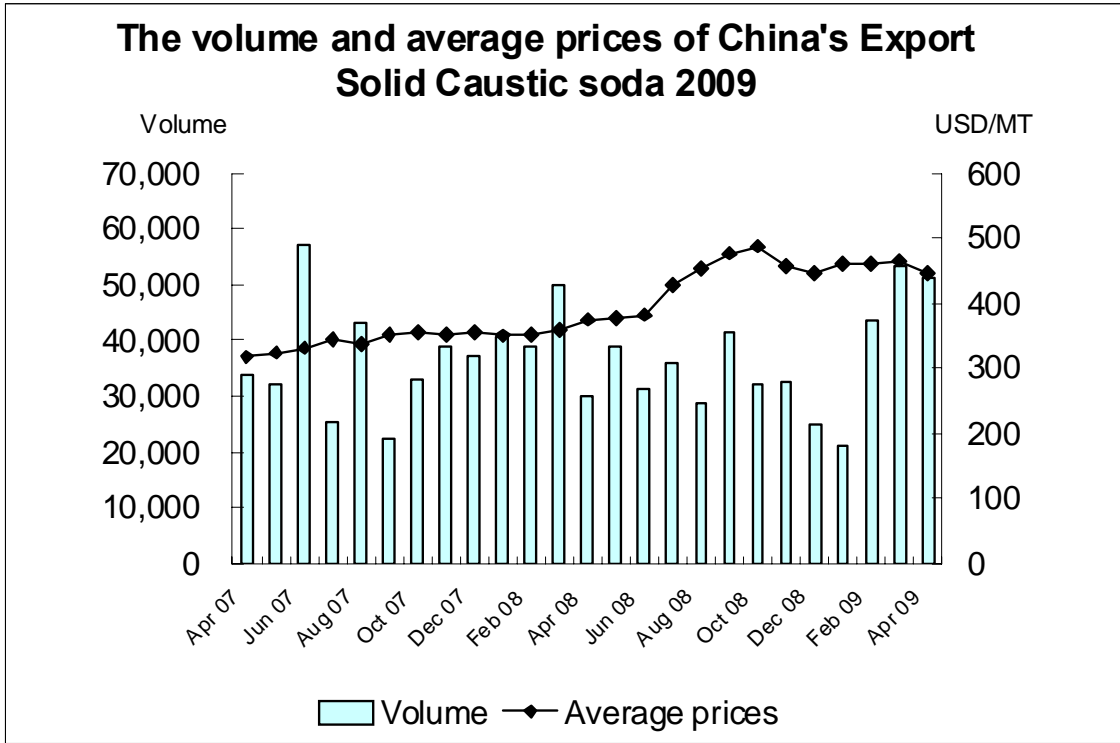
Note: Average prices of Export Liquid caustic soda are calculated from General Trade.

CHINA SOLID CAUSTIC SODA EXPORTS					
Region	Country	Apr 09		Jan-Dec 2008	
		Volume Tons	Average prices USD/MT	Volume Tons	Average prices USD/MT
America	Argentina	50	483	1,267	463
	Brazil	3,200	451	15,937	404
	Panama	-	-	124	513
	Puerto Rico	-	-	50	354
	The Commonwealth of Dominica	-	-	575	473
	Dominican Republic	74	465	1,488	435
	Ecuador	100	152	1,914	410
	Canada	60	555	2,251	536
	United States	577	527	9,235	556
	Mexico	585	441	1,151	484
	Colombia	374	427	7,438	421
	Costarica	42	443	1,497	464
	Cuba	-	-	1,889	558
	Honduras	329	437	722	493
	Peru	840	434	9,280	439
Nicaragua	250	416	575	343	

	El Salvador	188	447	980	452
	Guatemala	525	474	1,986	414
	Guyana	49	532	50	543
	Trinidad and Tobago	-	-	120	523
	Venezuela	75	475	721	427
	Jamaica	24	495	73	536
	Samoa	-	-	50	550
	Uruguay	75	420	237	495
	Chile	1,459	468	5,676	427
	Total	8,875			
Africa	Algeria	448	475	2,643	494
	Egypt	575	433	6,296	487
	Ethiopia	571	441	2,945	397
	Angola	-	-	1,549	340
	Benin	146	464	138	461
	Burkina Faso	-	-	-	-
	Togo	614	512	947	414
	Congo	-	-	200	345
	Eritrea	-	-	-	-
	Gambia	125	448	321	406
	Djibouti	346	404	1,167	362
	Guinea	255	470	1,065	431
	Ghana	2,806	477	3,377	513
	Zimbabwe	43	400	82	450
	Cameroon	816	420	1,074	421
	Cote d'Ivoire	1,326	494	2,013	485
	Kenya	1,201	444	4,773	432
	Gabon	50	470	75	603
	Haiti	25	422	25	577
	Madagascar	-	-	2,141	496
	Malawi	-	-	303	315
	Mauritius	210	428	1,568	454
	Mauritania	75	479	314	474
	Democratic Republic of Congo	275	487	585	426
	Mozambique	521	400	7,052	413
	South Africa	476	468	5,077	420
	Niger	-	-	84	883
Nigeria	9,630	453	19,351	378	
Namibia	-	-	9,308	490	
Senegal	525	497	1,285	424	

	Suriname	734	556	2,770	354
	Somalia	-	-	50	380
	Tanzania	1,385	431	9,497	398
	Tunisia	50	377	198	435
	Zambia	44	450	108	380
	Chad	-	-	64	498
	Total	23,272			
Europe	Albania	42	475	269	468
	Ireland	24	530	46	586
	Deutschland	44	514	22	430
	Russia	400	387	15,636	366
	Bulgaria	25	420	496	491
	Belgium	-	-	104	414
	Poland	-	-	50	344
	Portugal	344	489	546	503
	Ukraine	495	415	692	424
	Spain	169	436	274	432
	Saint Lucia	-	-	24	615
	Slovenia	-	-	25	340
	Turkey	624	440	1,975	476
	Netherlands	-	-	48	450
	Greece	64	451	177	582
	Lithuania	-	-	267	526
	Rumania	-	-	814	432
	Armenia	-	-	67	407
	England	290	491	22	558
	Italy	100	545	361	454
	Total	2,620			
Oceania	Australia	42	960	1,414	691
	Papua New Guinea	192	442	320	509
	New Zealand	44	422	71	540
	New Caledonia	-	-	25	416
	Total	278			
Asia	UAE	110	442	1,223	542
	Oman	15	433	240	418
	Macao	10	233	131	416
	Pakistan	48	378	6,542	354
	N. Korea	271	449	1,992	413
	Philippine	1,480	454	7,435	427
	Kazakhstan	369	433	8,187	386
	S. Korea	251	433	9,332	433

	Kyrgyzstan	56	400	955	463
	Cambodia	20	440	311	389
	Kuwait	-	-	145	400
	Lebanon	44	460	50	337
	Malaysia	114	386	5,796	409
	Mongolia	153	174	1,391	224
	Bangladesh	2,125	421	53,480	359
	Myanmar	175	469	20,164	383
	Jodan	-	-	200	382
	Japan	58	579	365	482
	Sri Lanka	200	498	3,487	492
	Sudan	1,575	417	17,480	393
	Tajikistan	-	-	565	458
	Taiwan	-	-	88	517
	Thailand	421	399	8,360	382
	Turkmenistan	-	-	6,139	361
	Uzbekistan	2,041	408	23,133	372
	Hongkong	104	433	906	432
	Singapore	391	503	1,460	380
	Saudi Arabia	25	484	48	685
	Syria	125	460	215	419
	Yemen	-	-	1,515	348
	Iran	483	417	3,805	409
	Israel	49	514	25	502
	India	685	418	10,064	402
	Indonesia	220	429	4,487	407
	Vietnam	4,294	414	48,321	412
	FJ Fiji	-	-	25	499
	Brunei	-	-	43	446
	Total	15,911			
	Others	427			
Total		51,384		425,577	
Note: * Marked information seems to be deviant					
All data sourced from CIQ					



Note: Average prices of Export Solid caustic soda are calculated from General Trade.

➤ **Downstream market**

Industry	Production yield in April, 2009 (10K DMT)	Growth yr-on-yr (%)
Alumina	176.1	-5.5
Paper pulp	159.0	-13.1
Novamat	13.4	15.8
Soap	7.4	-1.8
Synthetic detergent	54.0	-2.5

➤ **Forecast**

Domestic caustic soda prices might keep sliding in June, and the balance between chlorine and caustic soda would be the main contradiction, producers might reduce operating rate to decline output, which could be benefit for caustic soda prices to be stable.

➤ **Production news**

CHINESE CAUSTIC SODA PLANTS OPERATION (Unit: KDMT/Yr)

Region	Producer	Status of Caustic Soda Plant
Northeast China	Jinhua Chemical	May , run at about 50%
	Shenyang Chemical	May , run at about 90%
N.China	Tianjin Chemical Plant	May , run at about 90%

	Tianjin Dagu Chemical	May , run at about 70-80%
	LG Bohai Chemical	May , run at full rate
	Sinopec Qilu Petrochemical	15 April -17 May, stop for maintenance then operated at low rate, and run at about 90% in early June
	Shandong Hengtong Chemical	May , run at full rate
	Tangshan Sanyou Chlor-Alkali	May , run at about 60-65%
	Shanxi YuShe Chemical	May , run at full rate for 200 kt/yr membrane unit
	Inner Mongolia Haiji Chlor-alkali	May , stop production
	Weifang Yaxing	May , run at almost full rate
C.China	Henan Shenma Chlor-alkali	May , run at full rate
	Haohua Yuhang Chemical	May , run at full rate
	Kaifeng Dongda Chemical	May , run at 75-80%
	Zhuzhou Chemical	May , run at full rate
NW.China	Ningxia Yinglite Chemicals	May , run at full rate
	Xinjiang Tianye	May , operating rate was not full
	Xinjiang Zhongtai Chemical	May , operating rate was full
	Shaanxi Jintai Chlor-alkali	May, run at full rate
E.China	Shanghai Chlor-Alkali	May , run at about 63%
	Taixing SP Chemicals	May , run at 80%
	Jiangdong Chemical	May , run at about 70%
	Jiangsu Anpon Electrochemical	May , run at 80%
	Hangzhou Electrochemical	May , run at about 90%
	Zhejiang Juhua Group	May , run at about 75%
	Zhejiang Shangao Chemical	May , run at full rate
S.China	Nanning Chemical	May , run at about 90%
	Southeast Electrochemical	May , run at 60-70%
SW.China	Yibin Tianyuan Group	May , run at 80-90%
	Zigong Honghe Chemical	May , run at about 80%
	Sichuan Jinlu Group	May , run at about 60%

CAUSTIC SODA EXPANSION (unit: kt/yr)

No	Producer	Caustic Soda Capacity		Caustic Soda Expansion		
		D G*	M G*	D G	M G	Update
1	Yibin Tianyuan Group	150	150		150	May , run at 80-90%
2	Tangshan Sanyou Chlor-Alkali		100		100	May , run at about 60-65%
3	Two Lions (ZhangJiaGang)Fine Chemical Co.,Ltd.		150		150	May , run at high rate
4	Jiangdong Chemical		70		100	May , run at about 70%
5	Shandong Xinfu Chemical				250	May , operating rate was full
6	Shandong Haihua Chemical		100		150	May , run at about 90%
7	Ningxia Yinglite Chemicals				100	May , run at full rate
8	Inner Mongolia Elion Chemical				360	<i>Expansion by 360 kt/yr;/Dec 28 in 2007, start-up for 100 kt/yr unit,/Late Dec in 2007, start-up for another 100 kt/yr unit/ Others continue to be delayed</i> May , run at about full rate
9	Haohua Yuhang Chemical	90	110		200	May , run at full rate
10	Shanxi Yushe Chemical	270	100		100	May , run at full rate for 200 kt/yr membrane unit
11	Henan Shenma Chlor-alkali		22		20	May , run at full rate
12	Nanning Chemical	100	120		40	May , run at about 90%
13	Jiangsu Suhua		90		90	May , run at full rate
14	Sinopec Nanjing Petrochemical	60			100	May , run at high rate
15	Hubei Yihua Chemical		13		12	May , run at full rate
16	Jilantai Group				200	May , run at almost full rate
17	Taixing SP Chemicals		300		150	May , run at about 80%
18	Xinjiang Tianye		240		160	<i>M3 Dec in 2007, commissioning for 160 kt/yr membrane unit; / May , operating rate was not full</i>
19	Xinjiang Zhongtai Chemical		250		100	<i>M3 Dec in 2007, commissioning for 100 kt/yr membrane unit; / May , 2009, operating rate was full</i>

D G*: Previous capacity of diaphragm grade soda **M G*:** Previous capacity of membrane grade soda

D G: Diaphragm grade **M G:** Membrane grade

SODA ASH

➤ Domestic market

Domestic soda ash producers felt the heavy pressures in offtakes due to the insipid demands in glass sector, chemical sector and paper making sector. The inventory level behaved upward tendency. The prevailing prices were between RMB 950-1050/mt and RMB 1150-1200/mt for light soda ash and dense soda ash respectively. Meanwhile, due to the large reduction of ammonium chloride prices, reportedly to RMB 560-580/mt, most producers wanted to increase the offers for making up the loss. However, affected by watery demands, soda ash prices would hard to go up.

Region	Average price				market movement	Forecast	
	L-Soda	RMB/mt	D-Soda	RMB/mt		L	D
	April	four weeks ago	April	four weeks ago			
E.China	1116	1059	1183	1161	Soda ash market behaved upward movement in the early May. The prevailing prices were between RMB 1080-1120/mt ex-work and RMB 1130-1230/mt ex-work for light soda ash and dense soda ash respectively. The increase in prices was mainly due to the better orders in April. Towards the end May, soda ash offtakes incurred certain difficulty due to the insipid demands and the increased trade bulwark. Prices began to go down. The prevailing prices were around RMB 1050-1120/mt ex-work and RMB 1130-1150/mt ex-work for light soda ash and dense soda ash respectively.		
S.China	1114	1163	1214	1291	As main consumption areas, the market competition was severe in S.China, especially in Guangzhou. The conclusion prices of light soda ash reduced from RMB 1050-1200/mt to RMB 1020-1150/mt. Dense soda ash prices decreased from RMB 1300/mt to RMB 1250/mt. In Fujian province, the prices were stable due to the limited tonnages. The prevailing prices were RMB 1050-1100/mt ex-work and RMB 1150/mt ex-work for light soda ash and dense soda ash respectively.		
N.China	1096	1110	1275	1325	Affected by insipid market demands, soda ash prices were hard to increase in N.China. In the early May, the prices were around RMB 1050-1150/mt ex-work and RMB 1250/mt ex-work for light soda ash and dense soda ash respectively.		

Towards the end May, the prices were around RMB 1000-1150/mt and RMB 1200-1250/mt for light soda ash and dense soda ash respectively. And market players had less confidence on the coming market condition. Firstly, the

					financial crisis exerted certain influence on the market condition. Secondly, the increased trade bulwark and the insipid market demands caused the limited market business.
NE.China	1176	1237	1282	1326	Soda ash prices went down slightly in early May. The prevailing prices were between RMB 1160-1200/mt FD and RMB 1250-1300/mt FD for light soda ash and dense soda ash respectively. In the mid May, soda ash market was stable with steady deals, which was mainly due to the steady supply/demand condition. Local tonnages mainly came from Shandong, Inner Mongolia and Hebei. Producers offered stable producers. Downstream sectors ran with steady operating rate, mirroring the stable demands on soda ash tonnages.
SW.China	958	987	1200	1200	Soda ash production was not stable in SW.China last month. In the early May, coupled with the limited natural gas supply and the partial shutdown maintenance, soda ash producers ran the units with the operating rate of 50-60%. In the mid May, local producers purchased the natural gas for producing. Another company started up additional soda ash unit for making up the decreased output, mirroring the 70% operating rate. In addition, affected by insipid market demands, soda ash business was common. The prevailing prices were around RMB 900-1050/ ex-work and RMB 1150-1200/mt ex-work for light soda ash and dense soda ash respectively.
C.China	985	1008	1189	1202	Affected by market demands, soda ash prices continued to reduce in the early May. The prevailing prices were between RMB 920-980/mt ex-work and RMB 1100-1150/mt ex-work for light soda ash and dense soda ash respectively. The reduction was mainly due to three factors. Firstly, downstream demands can not form strong support on soda ash market. Secondly, the international demands were also limited. Thirdly, the prices went down in S.china due to the severe market competition, bringing negative impaction on the market condition of Hunan and Hubei.
NW.China	855	888	960	968	Affected by insipid downstream demands, soda ash market was watery in NW.China. And soda ash prices would remain at lower level due to the lower nominations. Lower prices of light soda ash valued at RMB 760-850/mt and higher values were RMB 900-1000/mt. Dense soda ash prices were between RMB 900-1100/mt.

Note:

1 L-Soda: Light soda D-Soda: Dense soda

2 →: stable, ↗: slight increase, ↘: slight drop, ↑: sharp increase, ↓: sharp drop

➤ **Soda ash price monitoring**

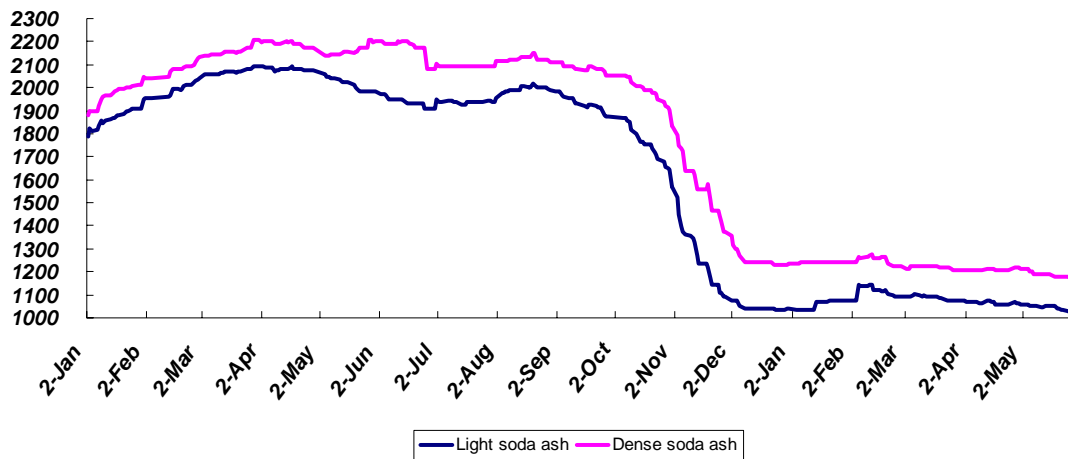
LIGHT SODA ASH

		E.China	S.China	N.China	NE.China	SW.China	C.China	NW.China
May 6	RMB/mt	1090-1180	1100-1200	1020-1150	1150-1200	900-1050	950-1050	760-950
May 13	RMB/mt	1080-1180	1050-1200	1050-1170	1150-1200	850-1050	950-1050	760-950
May 20	RMB/mt	1080-1180	1020-1150	1050-1170	1150-1200	850-1050	920-1000	760-950
May 27	RMB/mt	980-1150	1020-1150	1000-1150	1150-1200	850-1050	920-1000	760-950

DENSE SODA ASH

		E.China	S.China	N.China	NE.China	SW.China	C.China	NW.China
May 6	RMB/mt	1130-1230	1250-1300	1250-1300	1250-1320	1150-1250	1200-1250	870-1050
May 13	RMB/mt	1130-1230	1150-1250	1250-1300	1250-1320	1150-1250	1200-1250	870-1050
May 20	RMB/mt	1130-1230	1150-1260	1250-1300	1250-1300	1150-1250	1100-1200	870-1050
May 27	RMB/mt	1130-1250	1150-1250	1200-1300	1250-1300	1150-1250	1100-1150	870-1050

Domestic soda ash average ex-work price trend diagram from 2008 to now



(Average price of soda ash from 1st Jan 2008 to 6th May 2009)

➤ **Export Date**

CHINESE SODA ASH EXPORTS

To	Apr 09	Mar 09	Jan-Dec 08
	Tons	Tons	Tons
India	45,320	47,535	82,003
S. Korea	30,036	42,813	404,553
Indonesia	26,040	46,596	439,190
Thailand	21,534	17,082	201,209
Italy	19,970	-	965
Vietnam	17,039	11,686	203,958
Nigeria	10,985	5,275	73,664

Philippines	8,524	12,394	119,567
Brazil	8,040	5,826	1,430
Taiwan	6,411	6,091	45,538
Malaysia	5,860	5,006	64,056
Japan	5,789	9,206	127,002
Bangladesh	4,348	6,245	116,689
Columbia	4,000	9,400	7,300
Algeria	3,500	4,270	23,272
Kazakstan	3,190	-	6,753
Korea	2,187	2,572	25,503
Saudi Arabia	1,796	1,189	9,276
Peru	1,756	1,634	4,956
Dominica	1,751	-	2,933
Argentina	1,402	140	-
UAE	1,214	934	4,115
Others	9,007	43,798	165,422
Total	239,698	279,692	2,129,353

CHINA SODA ASH* EXPORTS IN APRIL 2009

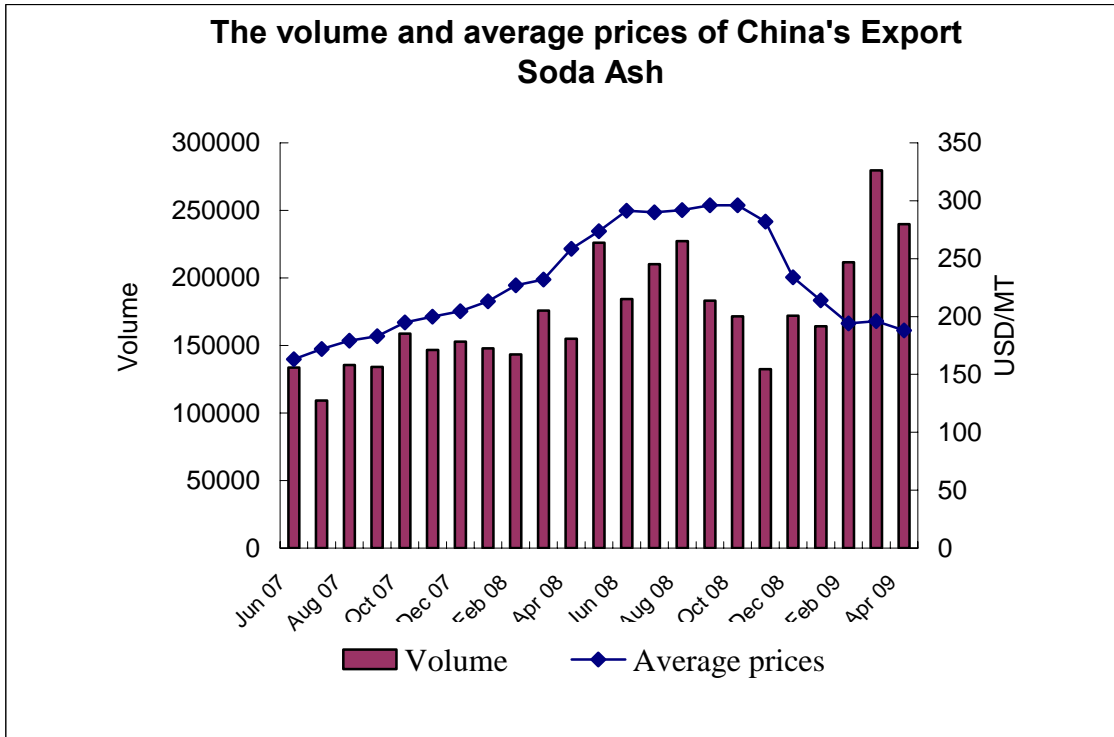
Trade mode	Volume Tons	Sum USD	Average prices USD/MT
Frontier Small Trade	3,410	603,008	177
External Contractors Project	-	-	-
General Trade	236,288	43,895,156	186
Total	239,698	44,498,164	

All data sourced from CIQ

CHINESE SODA ASH EXPORTS TO KEY REGIONS

April, 09

	Volume, MT	Average price, USD/MT
India	45,320	171
Indonesia	26,040	195
S. Korea	30,036	202
Thailand	21,534	179
Italy	19,970	190
Philippines	8,524	171
Vietnam	17,039	181
Nigeria	10,985	175
Brazil	8,040	201
Taiwan	6,411	172
Others	45,800	
Total	239,698	



Hydrochloric acid

CHINESE DOMESTIC PRICES

		E.China	S.China	N.China	NE.China	SW.China	C.China	NW.China
May 6	RMB/mt	220-350	200-300	200-350	380-550	140-200	200-300	180-280
May 13	RMB/mt	220-350	200-300	200-350	380-550	140-200	200-300	200-280
May 20	RMB/mt	220-350	200-300	200-350	380-500	140-200	200-300	200-280
May 27	RMB/mt	220-350	200-300	200-350	380-500	140-200	200-300	200-280

HYDROCHLORIC ACID PRODUCTION OUTPUT, MT

	2008											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
E.China	164,020	152,201	181,802	203,911	193,942	196,523	178,251	181,339	167,811	178,332	190,915	179,374
S.China	58,108	47,499	64,315	59,361	64,867	70,068	64,961	61,569	63,058	49,506	41,315	33,704
N.China	149,882	137,546	126,249	153,085	136,150	135,253	142,238	127,866	149,945	136,358	134,780	129,538
SW.China	47,176	41,557	49,846	46,673	55,501	61,908	57,019	55,871	52,442	53,281	39,187	45,786
NW.China	63,428	72,877	82,081	78,913	62,469	86,184	92,067	90,114	68,822	75,391	80,872	55,391
NE.China	31,747	26,247	24,932	24,435	22,802	29,493	26,974	24,613	26,846	25,631	23,803	26,252
C.China	106,178	85,722	98,986	85,920	93,226	98,726	91,172	104,851	101,516	100,567	96,752	96,202
Total	620,539	563,649	628,211	652,298	628,957	678,155	652,682	646,223	630,440	619,066	607,624	566,247
	7,494,091											
	2009											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
E.China	154,206	179,480	274,007	221,848								
S.China	25,184	31,145	39,922	39,865								
N.China	162,128	114,458	115,066	124,462								
SW.China	35,610	42,468	49,633	52,754								
NW.China	68,549	82,620	96,014	83,500								
NE.China	21,617	25,475	28,256	24,962								
C.China	72,750	89,821	112,466	104,157								
Total	540,044	565,467	715,364	651,548								
Total	2,472,423											

CHLORINE

➤ Highlights

After Labor Day's holidays, domestic chlorine market remained the former tendency. Chlorine prices continued to go down. Towards the mid May, chlorine prices behaved upward movement. In the provinces of Shandong, Hebei and Henan, the market was active. In the former period, chlorine prices were lower at RMB 600-650/mt, while in the latter period, the prices went up largely, reportedly at RMB 1400-1500/mt ex-work in Hebei, RMB 1300-1400/mt ex-work in Shandong and RMB 1200-1300/mt ex-work in Henan. Recently, one propylene epoxide unit with 100000 mt/yr capacity and one newly-built glycin capacity would put into the production normally, mirroring the enlargement for chlorine demands. Chlorine market got certain turnaround rapidly. While in E.China, the market behaved steady. Chlorine prices stayed at RMB 800-900/mt ex-work. Downstream demands had no evident fluctuation, especially in PVC sector, chlorinated paraffin sector, chloroactic acid sector and chlorinated methane sector. However, along with the increased caustic soda capacity in Shandong and the resumed production, the demands on chlorine tonnages would increase slightly. But players expected chlorine prices would reduce in the coming days due to the oversupply condition.

Region	Average price RMB/mt		Market movement	Forecast
	March	Four weeks ago		
E.China	1005	1094	In the early and mid May, chlorine prices went down slightly due to the insipid demands in PVC industry and chlorinated paraffin sector and the saturated supply. Towards the end May, upward movement emerged.	→
S.China	1150	1150	In Fujian province, chlorine prices were still firm at RMB 1100-1200/mt. Affected by the insipid market in Zhejiang, chlorine market behaved sluggish momentum. In Guangxi province, the prices were around RMB 1000/mt FD. Players felt certain pressures in offtakes. The available products increased due to the newly-built capacity. Meanwhile, the demands were at poor side. Chlorine market was at dull side.	→
N.China	1038	1318	In the early May, chlorine prices decreased slightly due to the poor demands. Then, the values began to go up. The increase in prices was mainly due to the limited supply and the better demands.	→

NE.China	1122	1298	The available products of chlorine increased due to the insipid market demands. The market values behaved downward tendency.	→
SW.China	1125	1149	Chlorine market was stable in May. Although PVC sector and chlorinated methane sector ran the production commonly, the demands in polycrystalline silicon sector and trichlorosilane sector were better due to the higher operating rate, mirroring the balanced chlorine supply/demand condition. The prices were stable at RMB 1000-1300/mt.	→
C.China	949	1190	In the early May, chlorine market behaved different movement in different areas, reportedly steady condition in Hubei and downstream tendency in Hunan and Henan. In the mid May, the market was stable in Hunan with better demands. While in Hubei, prices went down slightly due to lower demands and increased supply. And in Henan, chlorine market rebounded from bottom. Towards the end May, chlorine market was stable in Hubei. And downstream movement emerged in Henan and Hunan.	→
NW.China	739	927	Chlorine prices stayed at lower side in the early May due to the oversupply condition. And towards the end May, chlorine prices went up slightly thanks to the higher operating rate in chlorinated paraffin sector.	→

Note:

1 L-Soda: Light soda D-Soda: Dense soda

2 →: stable, ↗: slight increase, ↘: slight drop, ↑: sharp increase, ↓: sharp drop

CHLORINE DOMESTIC PRICES

		E.China	S.China	N.China	NE.China	SW.China	C.China	NW.China
May 6	RMB/mt	950-1200	1000-1300	900-1250	1200-1500	1000-1250	800-1050	650-1000
May 13	RMB/mt	700-1200	1000-1300	750-1000	1000-1300	1000-1250	700-1000	600-800
May 20	RMB/mt	800-1200	1000-1300	950-1200	900-1100	1000-1250	800-1200	600-800
May 27	RMB/mt	800-1200	1000-1300	1100-1500	900-1100	1000-1250	800-1200	600-800

➤ **Downstream Sectors**

Products	Condition
PVC	In May, the acetylene-based PVC producers ran the units with higher operating rate, while ethylene-based PVC units were running at lower operating rate. Sinopec Qilu Petrochemical still shut down for maintenance in May, mirroring the reduction in ethylene-based PVC output. Acetylene-based PVC outputs increased. Therefore, PVC outputs were stable.
Chlorinated paraffin	In May, chlorinated paraffin market was watery with common demands. In local areas, chlorinated paraffin prices fluctuated along with the fluctuation of chlorine prices.
Epoxy chloropropane	Sinopec Qilu Petrochemical still stopped the production. Bohui Chemical resumed three 80,000 mt/yr units with full rate. Xinyue Chemical ran the unit of 40000 mt/yr capacity at 40% operating rate. Tianjin Chemical ran the unit of 28000 mt/yr capacity at full rate and ran the unit of 33000 mt/yr capacity at 30% operating rate. Zhonghai Fine still did not put into the production normally. Huaxiang Chlor alkali postponed the production schedule. Jiangsu Yangnong ran the units with 40-50% operating rate.
Chlorinated methanes	Jiangsu Meilan ran the unit with 60-70% operating rate. Zhejiang Juhua had the operating rate of 40-50%. Shandong Dongyue resumed the production just now. Chongqing Tianyuan was still on the process of mechanical outages. Luzhou Beifang was still shutting down. Luzhou Xinfu ran the unit with 80% operating rate. Dichloromethane prices were around RMB 2250-2500/mt and chloroform prices were between RMB 2350-2800/mt.

Glossary	
E.China	Jiangsu, Jiangxi, Zhejiang, Anhui, Shanghai
N.China	Beijing, Tianjin, Hebei, Inner Mongolia, Shanxi, Shangdong
S.China	Guangdong, Guangxi, Fujian
NE.China	Heilongjian Jilin, Liaoning
SW.China	Sichuan,Chongqing, Yunnan,Guizhou
C.China	Henan, Hubei, Hunan
NW.China	Shanxi, Qinghai, Gansu, Sinkiang, Ningxia

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