Demand in the US market is still being described as stable. Domestic pricing has mostly rolled over this month in spite of the threat of tightening supply. Export pricing levels have eased and spot barge pricing has also now come down slightly. Although production will be eased back in line with reducing chlorine demand there does not appear to have been any momentum for the proposed price increase.

European producers had been targeting price increases for Q4, based on a tightening supply scenario. However, the current market balance and some competitive activity have resulted in an overall reduction in price for Q4 contracts.

The markets in Asia mostly appear to be in balance and pricing levels have been holding. Some producers are now coming back on line after outages and there are concerns that this could put downward pressure on pricing levels although weak chlorine demand and poor margins could help to counter this. Domestic pricing in China has come down due to weaker demand.

Short-Term Price Trends

Although spot pricing in the US has eased back slightly in the last month, the easing back of production in the coming months as chlorine demand declines should help to prevent much further slippage on pricing although if demand eases there could yet be some competitive situations developing.

European caustic soda pricing is now fixed for the quarter and so only spot pricing can be adjusted. Chlorine demand is expected to ease and so operating rates should come down and this should prevent prices from slipping and in fact some producers have already suggested that there is now limited availability and prices should go up.

Caustic soda pricing levels in Asia are likely to remain fairly stable as, although demand is weak, operating rates should be cut back further due to weak demand and this will probably leave the market in overall balance. Chinese domestic pricing however is expected to reduce further in the winter months as demand falls.