

Quarterly Forecast on Price of Titanium Dioxide in China to Q4

September 2017

The First Edition

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1. Introduction and methodology

Research scope and targets

Target: This study aims to discover the factors that affect the price of titanium dioxide and make a prediction for Sept.-Nov. 2017.

Time scope: 2013–Nov. 2017

2. Approach for this report

The report is formulated by methods as follows:

1. Desk research

The sources of desk research are various, including published magazines, journals, government statistics, industrial statistics, customs statistics, seminars as well as information from the internet. A lot of work has gone into the compilation and analysis of the obtained information. When necessary, checks have been made with Chinese suppliers regarding production information.

2. Telephone interview

CCM has carried out extensive telephone interviews in order to survey the actual production of titanium dioxide in China and the situation of the producers.

Interviewees are as follow:

- Key producers
- Key traders
- Associations
- Experts

Data processing and presentation

The data collected and compiled are sourced from:

- CCM's database
- Published articles from periodicals, magazines and journals
- Statistics from governments and international institutes
- Telephone interviews with domestic producers, service suppliers, governments, etc.
- Third-party data providers
- Comments from industrial experts
- Professional databases from other sources Information from the internet

The data from various sources have been combined and cross-checked to make this report as precise and scientific as possible. Throughout the process, a series of internal discussions took place in order to analyse the data and draw conclusions from them.

3. Executive summary

In 2013–2015, the price of titanium dioxide in China continued to decrease due to imbalance between the supply and demand of the product. For example, the ex-works price of rutile titanium dioxide in Southwest China, one of the major producing areas of the product nationwide, rose from USD XXX /t in January 2013 to USD XXX /t in December 2015.

Entering 2016, the price began to rebound. In June 2017, the ex-works price of rutile titanium dioxide price in Southwest China hiked at USD XXX /t. Afterwards, the price XXX in July and August.

Key factors influencing the price of titanium dioxide in China are supply and demand (both at home and abroad) of the product, supply and price trend of its key raw materials, governmental policies, macroeconomic development.

The past few years witnessed a continued growth of the titanium dioxide production in China. From 2013 to 2016, both the national capacity and output showed an upward trend because of thriving demand for the product both at home and abroad. The national average operating rate remained high as well, reaching XXX % in 2016.

Entering 2017, official supervision to the environmental protection has become even more stringent. As a result, the average operating rate of titanium dioxide manufacturers started to fall, less than XXX % in July and August. In the next two months, the environmental factors will still have effect on the production of the product, which would not recover in a short time.

Supply and price trend of key raw materials of titanium dioxide, ilmenite and concentrated sulphuric acid, have also been impacted by the official environmental supervision as well. From the second half of 2016, there have been shut down or reduction in output found in manufacturers of these two products in most of the producing areas, leading to tight market supply and continuous price rise. In the next few months of 2017, the new round environmental supervision will still have impact on supply of the raw materials, while the sales of titanium dioxide will enter its peak season. Therefore, prices of the two products would be XXX and XXX to the one of titanium dioxide.

Titanium dioxide is widely used in China, and the major application fields of it are coating, plastic, papermaking, chemical fiber and synthetic rubber. From 2013 to 2016, the outputs of these downstream industries are generally XXX, which is XXX to the demand and price of titanium dioxide.

In recent years, the overseas price of titanium dioxide has been XXX. At the same time, the cost performance of the product made in China has been improving and the supply has been stable. In this context, China's export volume of the product continued to XXX. As of June 2017, both the export volume and export price of the homemade product have stayed at XXX levels.

In XXX and XXX 2017, the traditional off-season for the product overseas, the export volume would decline. However, from XXX the exports would recover.

Although the price of titanium dioxide in XXX and XXX 2017 was in a downward trend, it would be rising in the future several months for multiple reasons including the continued impact of official environmental supervision on supply of the product, the low inventories of the product held by downstream manufacturers, titanium dioxide manufacturers' intention of raising their product price during the traditional peak sales season in XXX and XXX.

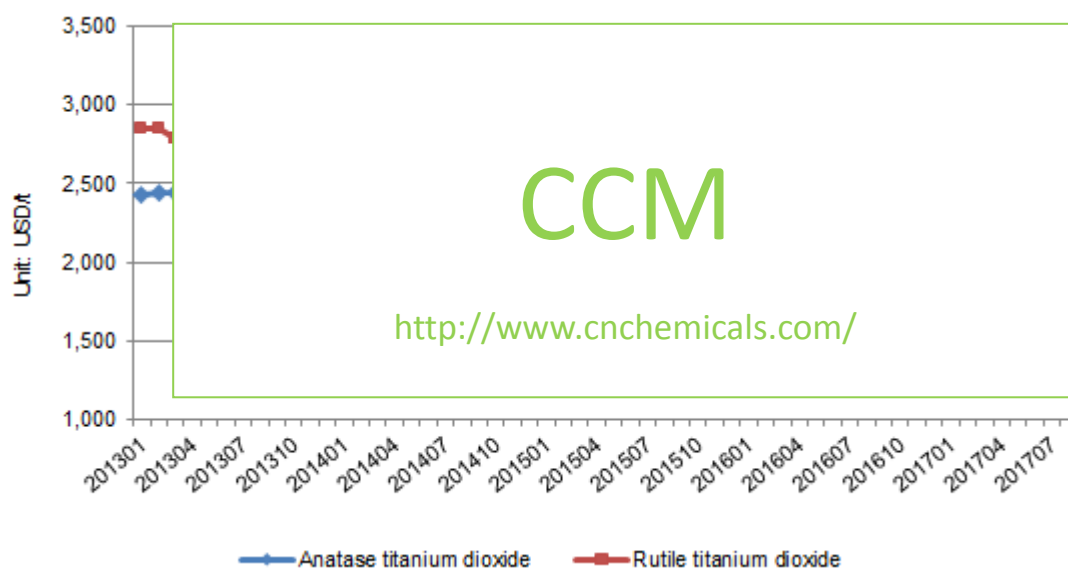
4. What's in this report?

Note: Key data/information in this sample page is hidden, while in the report it is not.

1 Factors influencing the price of titanium dioxide in China

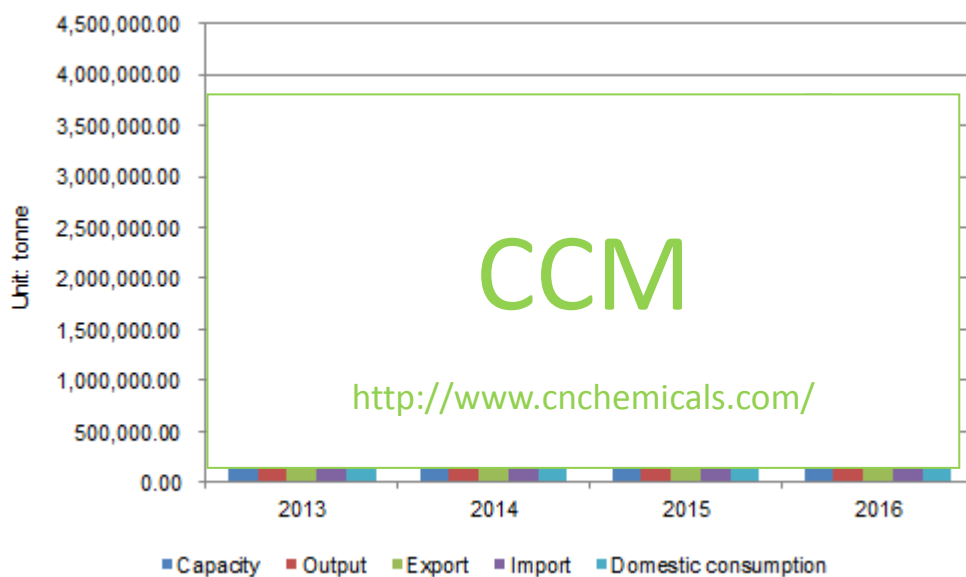
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Figure 1-1 Monthly ex-works price of anatase titanium dioxide and rutile titanium dioxide in Southwest China, Jan. 2013–Aug. 2017



Source: CCM

Figure 1-2 Supply and demand of titanium dioxide in China, 2013–2016



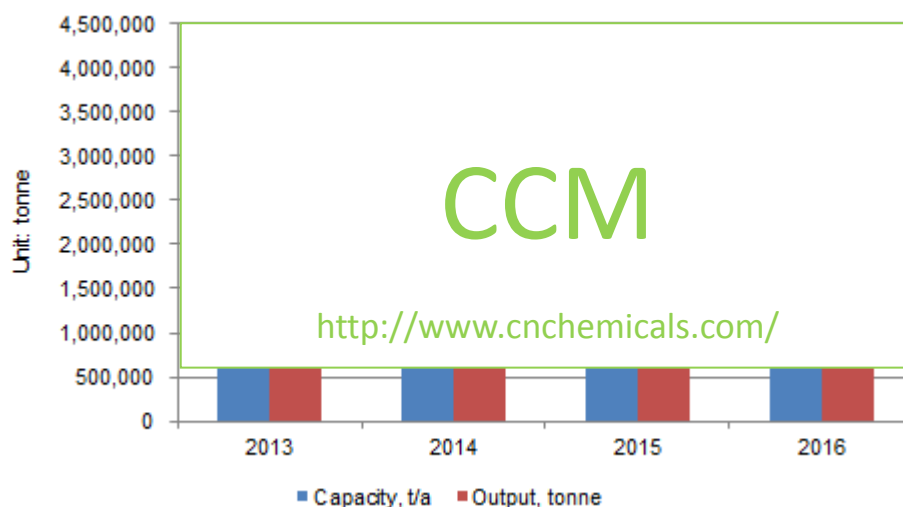
Source: CCM

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1.1 Supply of titanium dioxide in China

In general, China's supply of titanium dioxide has presented a continuous growth trend in recent years. In 2013–2016, the nation's capacity and output of the product were both on the rise because of the robust demand in the domestic and overseas market, registering compound annual growth rates (CAGRs) of XXX % and XXX %, respectively.

Figure 1.1-1 Capacity and output of titanium dioxide in China, 2013–2016



Source: CCM

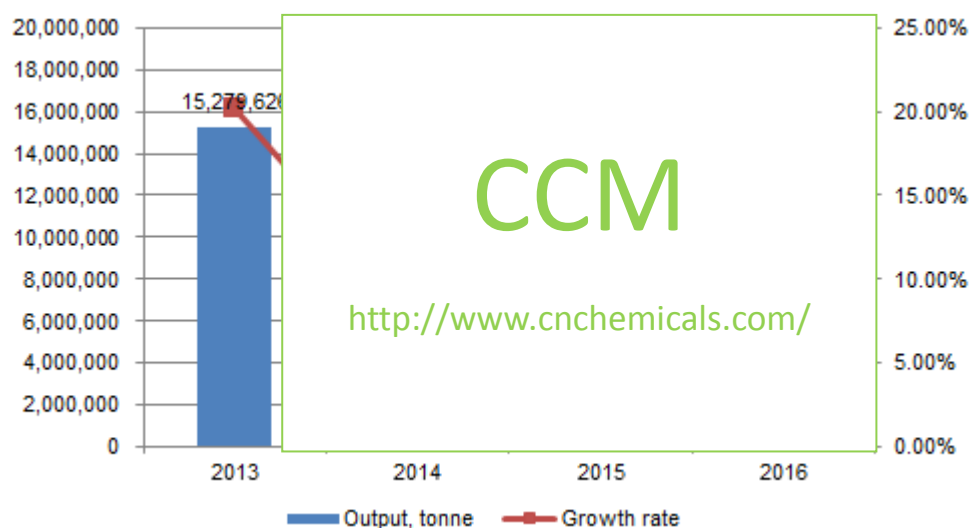
1.3 Demand for titanium dioxide in China

Titanium dioxide is widely used in different fields. Some of the important application fields of the product would be introduced here, including coating, plastic, papermaking, chemical fiber and synthetic rubber.

- Coating

Coating is the largest consumption field of titanium dioxide in China. From 2013 to 2016, China's total coating output increased from XXX million tonnes to XXX million tonnes at a CAGR of XXX %. Titanium dioxide is used in three major categories of coating: architectural coating, industrial coating and specialty coating. Usually, the rutile titanium dioxide is widely applied in architectural coating and industrial coating.

Figure 1.3-1 Output of coating industry in China, 2013–2016



Source: China National Coatings Industry Association & CCM

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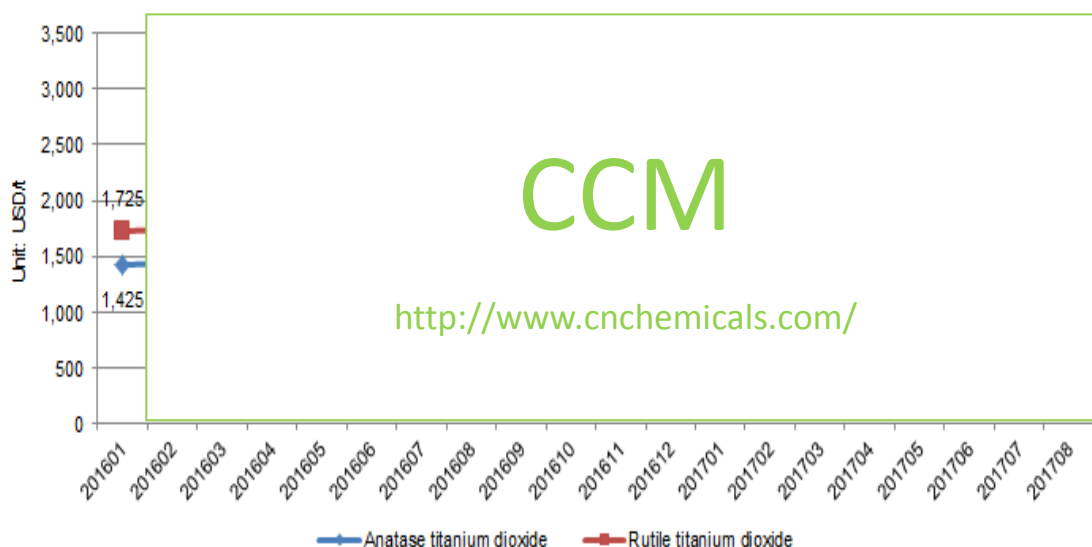
2 Forecast on titanium dioxide price in Sept.–Nov. 2017

Based on the study of the titanium dioxide industry and the data from 2013 to Aug. 2017, it can be summed up that:

- The winter and rainy season is the off-season for the titanium dioxide industry every year, when outdoor construction will be impacted by the weather and demand for titanium dioxide will consequently be dragged down.

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Figure 2-1 Monthly ex-works prices of anatase titanium dioxide and rutile titanium dioxide in China, Jan. 2016–Aug. 2017



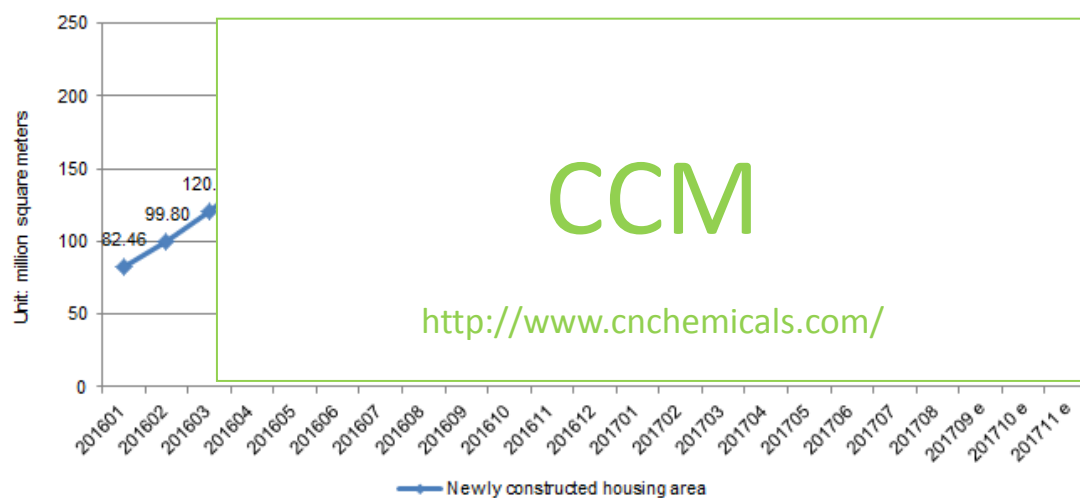
Source: CCM

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When forecasting the price of titanium dioxide in China, some representative factors, including the construction starts (newly constructed housing area) and XXX, will be given priority.

The newly constructed housing area plays a significant role in the forecast. This is because it's related to the consumption of coating, a key application field of titanium dioxide, and at present there are quite large housing areas that have been sold and undecorated in China.

Figure 2-2 Reference factors (construction starts/newly constructed housing area) for forecast on titanium dioxide price in China, Jan. 2016–Nov. 2017



Note: 1. Figures for the construction starts (newly constructed housing area) from Feb. 2015–Dec. 2016 are shown because this housing area parameter has a delayed characteristic in the price forecast.

2. "e" represents the estimation made by CCM.

Source: The National Bureau of Statistics of China & CCM

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