In the first installment, we established the macro-economic "Green Premium" and the regulatory barriers of 2026. However, for a strategic trader and industrial analyst, the "why" of the market is found in the microscopic shifts of regional arbitrage and production bottlenecks. This report deconstructs the structural anomalies of the past year—specifically the 2025 Asian feedstock surge—and provides a technical roadmap for navigating the current low-liquidity environment.

Regional Arbitrage: The $232/t "Asian Surge" Case Study

The most significant market event of late 2025 was the decoupling of Asian and European feedstock indices. While Europe enjoyed relative stability in its vegetable oil benchmarks, Asian feedstock costs surged by $232/t in August 2025. This was not a singular event but a convergence of three distinct pressures:

- The "Northeast Asian Bio-Vacuum": China and South Korea's aggressive implementation of SAF and HVO blending targets created an insatiable demand for POME (Palm Oil Mill Effluent) and UCO. As dedicated HVO refineries in Singapore and China ramped up, they began "out-bidding" traditional oleochemical fractionators for the same lipid base.
- Indonesian Domestic Market Obligation (DMO) Volatility: Policy shifts aimed at stabilizing domestic cooking oil prices in Indonesia inadvertently restricted the export availability of 24-degree and 18-degree palm olein, the primary feedstocks for downstream fatty acids. This "export friction" added an immediate $45–$60/t premium on spot shipments.
- The Logistics Multiplier: A sudden shortage of ISO-tanks in the Port of Tanjung Priok coincided with the monsoon-driven delay in barge movements from Kalimantan. For a period of six weeks, the physical "basis" (the difference between the paper price and the landed physical price) reached historical highs.

Production Intelligence: The South Korean Co-Processor Collapse

The regional supply security of Northeast Asia was fundamentally altered in late 2025 by the shutdown of several prominent co-processing units in South Korea. These facilities, which sought to blend bio-feedstocks into traditional petroleum refinery streams, fell victim to "Spread Collapse."

- The Economics of Failure: With the combined operating losses for South Korea's major petrochemical players reaching W1.5 trillion in 2025 [ICIS], the high-cost co-processing units were the first to be mothballed. The spread between crude oil and bio-naphtha was simply too narrow to justify the high OpEx of these hybrid plants.

1. Supply Chain Displacement: This has created a "Supply Vacuum" for high-purity Stearic Acid (C18:0) and Refined Glycerine in the Korean semiconductor and automotive sectors. Tradeasia has identified this as a critical growth corridor, as these industries now rely on direct imports from Southeast Asian pure-play oleochemical producers rather than domestic "bio-petro" hybrids.

Downstream Product Analysis: Technical Deep-Dive

Refined Glycerine: Technical Specs & The Ethanol Challenge

The glycerine market is currently being tested by the development of ethanol-to-propylene pilot units. Historically, the "green" route to propylene was via glycerine. However, with new one-step processes emerging from Japan and Europe [Sumitomo Chemical, 2025], the long-term floor price for industrial-grade glycerine is under threat.

- USP vs. Industrial Grade: In 2026, we see a widening spread between USP/BP grade (99.7% min) and Technical Grade (95% min). The pharmaceutical sector is increasingly demanding "EUDR-Compliant Glycerine," which now carries a $30–$50/t premium over non-certified technical grades used in the alkyd resin industry.
- Technical Spec Focus: Moisture content and MONG (Matter Organic Non-Glycerol) levels have become the primary battleground for quality. Producers who can consistently hit MONG levels below 0.5% are capturing the high-end polyol market.

Soap Noodles: The Palm Stearin vs. Tallow Dynamics
The pricing of soap noodles (80/20 and 90/10) is currently a function of the Palm Stearin vs. Tallow gap. In 2025, Tallow prices remained elevated due to limited livestock slaughter in North America, keeping the "Vegetable-Based" noodle at a competitive advantage.

- Formulation Shifts: We are observing a trend toward translucent soap noodles in the Indian market, requiring a higher concentration of PKO-based fatty acids. However, with CPKO prices remaining volatile, manufacturers are "stretching" formulations with specialty additives to maintain lather performance at lower cost.

Specialty Oleochemicals: The Rise of Bio-PP and PLA
The "Specialty" segment is the fastest-growing part of the Tradeasia portfolio. As global bioplastics markets grow at a 17.2% CAGR [Towards Packaging, 2026], fatty acids are finding a new home in Bio-Polypropylene (Bio-PP) and PLA (Polylactic Acid) packaging.

Technical Data Tables: Modeled vs. Current Prices (2025–2026)

Product	Bio-Price (Aug '25 PDF)	Current Market (Mar '26)	Basis Change
Stearic Acid (C18)	$1,244/t	$1,285/t	+$41/t
Soap Noodles (80/20)	$1,020/t	$1,065/t	+$45/t
Refined Glycerine	$880/t	$920/t	+$40/t
Crude Glycerine	$340/t	$315/t	-$25/t
Bionaphtha Premium (Asia)	$1,044/t	$980/t	-$64/t

FURTHER INQUIRIES

TRADEASIA INTERNATIONAL Pte Ltd

133 Cecil Street #12-03 Keck Seng Tower,
Singapore-069535
Republic of Singapore
Tel: +65 62276365
E-Mail: singapore@chemtradeasia.com

PT TRADEASIA INTERNATIONAL INDONESIA

Sopodel Tower, Tower B Lantai - 9
Jl.Mega Kuningan Barat III RT.5/RW.5
South Jakarta, 12950, Indonesia
Tel: +62 21 5080 6560
E-Mail: contact@chemtradeasia.com

TRADEASIA INTERNATIONAL EGYPT Ltd

Office No. 5, 1st Floor, 7 Baghdad Street,
El Korba, Heliopolis, Cairo, Egypt
Tel: +20 128 888 0117
E-Mail: egypt@chemtradeasia.com

TRADEASIA INTERNATIONAL DMCC

503/504, 5th Floor, Kanakia Atrium - 2
Andheri-Kurla Rd, Andheri East Mumbai-400093.
Tel: +91 22 61231800
E-Mail: india@chemtradeasia.com

TRADEASIA INTERNATIONAL NANJING Pte Ltd

Room 918, Golden Wheel Building, No.8,
Hanzhong Lu, Gulou District,
Nanjing 210000, China
Tel: +86 2583210364
E-Mail: contact@chemtradeasia.com

TRADEASIA INTERNATIONAL Pvt Ltd (PHILIPPINES REP OFFICE)

23/F GT Tower International 6813 Ayala
Ave Cor. H.V Dela Costa St. 1227 Makati
City, Philippines
Tel: +82 2 517 9301
E-Mail: philippines@chemtradeasia.com

TRADEASIA INTERNATIONAL Pte Ltd (THAILAND REP OFFICE)

973 President Tower 11th Floor, Room
103, Ploenchit Road, Lumpini, Pathumwan,
Thailand - 10330
Tel: +662 656 0500 Ext 103
E-Mail: thailand@chemtradeasia.com

TRADEASIA INTERNATIONAL Pte Ltd (SRI LANKA REP OFFICE)

3rd Floor, No. 58, Dharmapala Mawatha
Colombo 7 Sri Lanka
Tel: +94 117 444720
E-Mail: srilanka@chemtradeasia.com

TRADEASIA INTERNATIONAL Pte Ltd (VIETNAM REP OFFICE)

Empire Tower, 5th Floor, Unit 501, 26-28
Ham Nghi, Ben Nghe ward, District 1, Ho
Chi Minh City, Vietnam 70000
Tel: + 84 28 38277218/19
E-mail: vietnam@chemtradeasia.com

TRADEASIA INTERNATIONAL DMCC

Unit No: 1807, Fortune Executive Tower,
Plot No: JLT-PH2-T1A Jumeirah Lakes
Tower, Dubai, United Arab Emirates
P.O. Box 634385
Tel: +971 42778045
E-Mail: dubai@chemtradeasia.com

TRADEASIA INTERNATIONAL Pte Ltd (KOREA REP OFFICE)

8F Namjeon Building, 326, Bongeunsa-ro,
Gangnam-gu, Seoul - 06143, Republic of
Korea
Tel: +82 2 556 2027
E-Mail: korea@chemtradeasia.com

TRADEASIA INTERNATIONAL BRAZIL

1422 Center - Paulista Center 3, 14th Floor
Av. Paulista 2064 Sao Paulo, 01311-200,
Brazil
Tel: +55 11 2844 4169
E-Mail: brazil@chemtradeasia.com

TRADEASIA INTERNATIONAL PTE. LTD.
133 Cecil Street #12-03 Keck Seng Tower,
Singapore-069535
Republic of Singapore
Tel: +65 62276365

PT. TRADEASIA INTERNATIONAL
Sopodel Tower, Tower B Lantai - 9
Jl.Mega Kuningan Barat III RT.5/RW.5
South Jakarta, 12950, Indonesia
Tel: +62 21 5080 6560

CONTACT US

marketing@chemtradeasia.com
contact@chemtradeasia.com

www.chemtradeasia.com
www.palm-chemicals.com