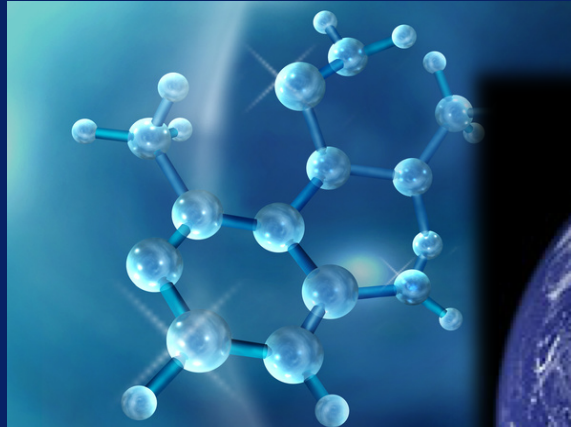


# Brainfood for the Plastics Industry

Issue 21.26 – Dec 2021



## Market Update

### Energy (Crude and Natural Gas) and Plastics Feedstocks (Naphtha, Ethane, and Propane)

- The energy complex from crude oil and natural gas to propane and ethane have been flat in pricing over the past two weeks.
- WTI prices are lower by about 1% over the past two weeks to a price of \$71.30/barrel.
- Natural gas prices are fluctuating between \$3.70/mmbtu and \$3.85/mmbtu
- Perhaps in a telling sign about refined products and petrochemicals demand, naphtha CIF Japan is up 3% despite crude oil being down 1%.
- As omicron rips through the USA, it appears the commodity markets are pricing in continued demand, perhaps due to a spike in mild cases only to fall in case loads in the following months.

### Ethylene

- Ethylene prices in Mont Belvieu, TX are up 15% to 34.5 cents per pound (cpp) from 30cpp two weeks ago.

### Propylene

- Spot physical PGP prices in Mont Belvieu, TX slid from 50cpp to 48cpp over the past two weeks. The month to date average price for physical PGP in Mont Belvieu, TX is 49.4cpp according to the PetroChem Wire.
- The forward months for PGP in Mont Belvieu are now at a slight premium versus the spot physical price. Calendar 2022 is valued around 50cpp while physical PGP is valued around 48cpp.
- We wrote in our report two weeks ago, “there does seem to be support for PGP in the upper 40s from a demand perspective for consumers to turn the PGP into PGP derivatives.” and our trader toolbox section from our last report showed why supply side propane pricing may give PGP prices a lift. We still think PGP prices are on the lower end of their range and while spot pricing can trade into the mid 40s, we do estimate physical PGP pricing in the 1<sup>st</sup> quarter to average closer to 55cpp.
- December contract PGP settled down 10cpp to 56cpp. BlueClover was estimating down 12cpp to 54cpp.
- BlueClover’s estimate for January contract PGP is down 2cpp.

## Feedstock “Spot” Prices:

<u>Product</u>	<u>Location</u>	<u>Price as of Dec 21</u>	<u>Price as of Dec 7</u>	<u>Unit</u>
Brent Crude	North Sea, Europe	73.98	75.40	USD/barrel
WTI Crude	Cushing, OK	71.29	72.01	USD/barrel
Natural Gas	Henry Hub, LA	3.86	3.68	USD/MMBtu
Naphtha	C&F Japan	695	675	USD/mt
Ethane	Mont Belvieu, TX	32.75	32.625	Cents/Gal
Propane	Mont Belvieu, TX	101.5	101.25	Cents/Gal
Ethylene (Enterprise system)	Mont Belvieu, TX	34.5	30	Cents/Lb
PG Propylene (Enterprise)	Mont Belvieu, TX	48	50	Cents/Lb

\* Sources – CME, Bloomberg

## Inventory

HERO PRIME™		
Grade	Description	Location
	Sold Out	

HERO FLEX™		
Grade	Description	Location
	Sold Out	





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BlueClover is the informed sourcing solution– bridging the gap between upstream knowledge, resin procurement and price risk management.

- ❖ Trusting relationship with a professional distribution company that trades polypropylene across a wide range of qualities at a multitude of price points for both spot and contract business.
- ❖ Full access to our Price Risk Management Team.
  - ❖ Work closely with our price risk management team with decades of commodity trading experience to determine when fixed pricing programs make sense for your business.
  - ❖ Access to BlueClover’s internal research and analysis along with potential outsourcing to industry experts on commodity markets.

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