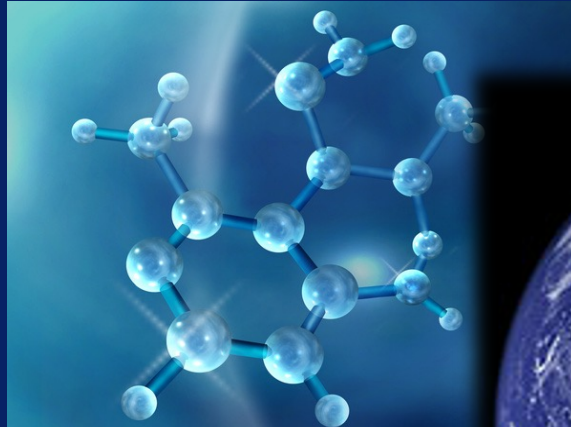


# Brainfood for the Plastics Industry

Issue 23.05 – March 2023



# Market Update

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

- Crude Oil (both West Texas Intermediate and Brent) is only down 1% the past two weeks. The WTI crude oil market has been incredibly stable between \$75 - \$79/barrel this past month
- Natural Gas prices increased slightly by 3% the past two weeks to a spot price of \$2.62/mmbtu.
- Naphtha prices (CIF Japan), Propane, and Ethane prices have all been stable the past two weeks (see Pricing Table on Page 3 )

## Propylene

- Physical PGP in Enterprise's system is valued at 56cpp as of Monday Feb 27<sup>th</sup>. Two weeks prior the physical market was valued at 52cpp.
- The most recent trade executed for physical PGP molecules for delivery in February was on Feb 22 at 50.5cpp. So why the daily closing price of 56cpp? At the end of last week there was a March trade at 50cpp and a Feb to March spread trade at 6cpp (price premium on February) which gave February physical PGP an implied value of 56cpp on Friday Feb 24<sup>th</sup> and Monday Feb 27<sup>th</sup>. There were no offers (companies looking to sell) in the market on Feb 24<sup>th</sup> or Feb 27<sup>th</sup> lower than 56cpp. Had there been offers lower than 56cpp the daily closing prices would be lower.
- Prior to the closing price of 56cpp on Friday Feb 24<sup>th</sup>, physical PGP in February had been trading between 50cpp and 52cpp since Feb 14<sup>th</sup>.
- Clearly the PGP market remains tight. There is a continued supply constraint issue with delayed downtime experienced by PDH production.
- The February 2023 monthly average of the daily settlement PGP prices in the Enterprise hub is 50.5cpp. BlueClover, like many others, was not expecting physical PGP prices to remain north of 50cpp for as long as they have.
- As a result the market rightly settled the February contract PGP price up 7cpp to a settlement price of 50cpp. Two weeks ago, BlueClover was estimating Feb contract PGP to be up 5cpp.
- BlueClover expects physical PGP pricing to fall into the mid 40s in March but is calling for the March contract PGP price to be in the flat to down 2cpp range.

## Polypropylene

- In the PP market, we are starting to see some significant spreads between the price of widespec PP and prime PP. Producers continue to hold the line when it comes to the spreads over contract PGP for prime PP. Producers have nudged these spreads even higher with pricing increase letters given the tight supply of prime PP specifically.
- However with stagnant demand for PP as a whole, the widespec PP market is struggling to keep up with price increases. We estimate the market for widespec HomoPP in the 50-54cpp range on a domestic basis. These prices represent negative margins for any PP producer that needs to purchase PGP.
- The market prices for regrinds and repros have also started to transact higher as a result of the pull from higher virgin pricing.

## Feedstock “Spot” Prices:

<u>Product</u>	<u>Location</u>	<u>Price as of Feb 28</u>	<u>Price as of Feb 14</u>	<u>Unit</u>
Brent Crude	North Sea, Europe	83.98	85.04	USD/barrel
WTI Crude	Cushing, OK	77.46	78.62	USD/barrel
Natural Gas	Henry Hub, LA	2.62	2.54	USD/MMBtu
Naphtha	C&F Japan	712	712	USD/mt
Ethane	Mont Belvieu, TX	22.5	24.25	Cents/Gal
Propane	Mont Belvieu, TX	80.5	83	Cents/Gal
Ethylene (Enterprise system)	Mont Belvieu, TX	22.5	21.75	Cents/Lb
PG Propylene (Enterprise)	Mont Belvieu, TX	56	52	Cents/Lb

\* Sources – CME, Bloomberg

## Inventory

HERO GREEN™ (Post Consumer PP Repro)		
Grade	Description	Location
HG7BK1	7 melt HomoPP - Black	Midwest
HG3GR1	3 melt HomoPP - Grey	Midwest
HG16GR1	16 melt HomoPP - Grey	Midwest
<del>HG22GR1</del>	<del>22 melt HomoPP - Grey (SOLD OUT)</del>	<del>Midwest</del>
HG3GR3	3 melt CoPP 3.6 izod - Grey (TWO LOADS LEFT)	Midwest
HG35GR3	35 melt CoPP 1.4 izod - Grey	Midwest





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