

# BlueClover

All Things PP

Brainfood for the Plastics Industry

Issue 23.12 – June 2023



# Market Update

## Plastics Feedstocks (Oil, Naphtha, Propane)

- Crude oil prices are lower despite Saudi Arabia's best efforts to bring pricing higher. Naphtha and propane prices were both down small compared to recent Brainfood reports.
- WTI crude oil prices were lower by about 2% over the past two weeks to a spot price of \$71.90/barrel. In our last report we wrote "BlueClover expects WTI pricing to break lower than \$70/barrel in June." On May 31, WTI crude oil settled at \$68.09/barrel and has since rallied back north of \$70/barrel. We expect pricing to break lower than \$70/barrel again in June. Saudi Arabia tried to help support crude oil pricing by announcing a surprising production cut. The Saudi government will decrease its production from 10 mil barrels/day in May to 9 mil barrels/day in July 2024. The oil markets did not respond with significant price jumps as risk of recession fears in the USA and Europe along with weakening Chinese demand continue to dominate the market.
- Naphtha prices (CIF Japan) are unchanged around \$580/mt.
- Propane prices are only about 3% lower these past two weeks to a price of 61 cents per gallon (cpg) in Mont Belvieu, TX. Propane prices were 80.5cpg on April 25th.

## Propylene

- Physical PGP has decreased from 35cpp two weeks ago to 31.5cpp as of Tuesday June 6<sup>th</sup>. Physical PGP was trading between 34cpp and 36cpp for most of the 2<sup>nd</sup> half of May 2024. After contract PGP settled around May 24-25<sup>th</sup>, the physical price dropped quickly, trading at 32.5cpp on May 31.
- BlueClover's guess was correct, May contract PGP did settle down 8cpp to a settlement price of 39cpp. The May physical PGP daily calendar average was right around 35cpp according to the PetroChem Wire.
- From our last Brainfood report, "(we expect) physical PGP to trade into the lower 30s with a remote chance of getting into the upper 20s" over the next 45 days. So that was 15 days ago, and PGP pricing has traded into the low 30s. BlueClover believes the chances of physical PGP pricing breaking lower than 30cpp are higher than they were two weeks ago. So we are now calling a sub 30cpp PGP physical market "likely" from "remote chance".
- BlueClover is revising our estimate for June contract PGP from the 35-37cpp range to 34cpp. We are keeping our estimate for July contract PGP in the 33-35cpp range.
- Forward months for PGP are commanding a price premium to the spot price. For example the 1<sup>st</sup> half of 2024 is about 35cpp for forward PGP. This is because there is ample supply of PGP in the market which pushes more product into storage and pushes the spot physical price down.

## Polypropylene

- North American PP pricing seems to have stabilized a bit over the past two weeks. Yes, prime PP pricing is lower on account of the move lower in contract PGP but spreads over contract PGP are stable. Widespec HomoPP railcars have been consistently trading in the 37-42cpp price range depending on grade quality and geography with widespec Copolymer cars 2-4cpp higher depending on melt, izod, and geography.
- According to ACC data, domestic demand for PP was higher in April compared to March and exports were up significantly in April. This has helped producers keep inventory levels in check and has created a somewhat balanced market at this moment.
- At these price points, we are seeing customers come in to buy more than in months past as most companies would prefer to buy today, even if it doesn't end up being the low price, than miss out on current pricing.

## Feedstock “Spot” Prices:

Product	Location	Price as of June 6	Price as of May 23	Unit
Brent Crude	North Sea, Europe	76.41	77.05	USD/barrel
WTI Crude	Cushing, OK	71.90	73.19	USD/barrel
Natural Gas	Henry Hub, LA	2.26	2.37	USD/MMBtu
Naphtha	C&F Japan	578	590	USD/mt
Ethane	Mont Belvieu, TX	20.625	20.5	Cents/Gal
Propane	Mont Belvieu, TX	60.375	63.5	Cents/Gal
Ethylene (Enterprise system)	Mont Belvieu, TX	16.5	17.5	Cents/Lb
PG Propylene (Enterprise)	Mont Belvieu, TX	31.5	35.25	Cents/Lb

\* Sources – CME, Bloomberg

## Inventory

HERO GREEN™ (Post Consumer PP Repro)		
Grade	Description	Location
HG7BK1	7 melt HomoPP - Black	Midwest
<del>HG3GR1</del>	<del>3 melt HomoPP - Grey</del>	<del>Midwest</del>
HG16GR1	16 melt HomoPP - Grey	Midwest
<del>HG22GR1</del>	<del>22 melt HomoPP - Grey (SOLD OUT)</del>	<del>Midwest</del>
HG3GR3	3 melt CoPP 3.4 izod - Grey	Midwest
HG35GR3	35 melt CoPP 1.1 izod - Grey	Midwest
HERO GREEN™ (Post Consumer HDPE Repro)		
Grade	Description	Location
HG7GRPE	7 melt HDPE Grey - 0.94 - 0.954 density	Midwest



## **New Horizons in Recycling Infrastructure - How plastic credits can create new revenue streams and flexible recycled material claims**

**BlueClover is excited about the development of a recycled credit system that allows virgin resin consumers to increase sustainability metrics while they work to access more physical material. Please consider signing up for the webinar below to learn from the companies who have spearheaded this effort.**

### **About This Webinar**

A key component and differentiator within the Recycled Material Standard, Attribute of Recycled Content (ARC) credits are tradable commodities representing increased material produced via new recycling investments. With benefits for recycling processors, material brokers, packaging manufacturers, and consumer-facing brands, ARC's are proving to be the bridge between current material availabilities and the envisioned future state of the recycling ecosystem.

Come learn how ARC's are being utilized in practice and how they are creating additional value for companies across the packaging and recycling supply chain. In this session, you'll hear perspectives from three different vantage points: Recycler, Trader, and Purchaser. Moderated by GreenBlue's own Dr. Laura Thompson, this panel will provide insights into new value streams and profit centers within the expanding vision of what recycling means in the future.

### **Sign Up Below**

<https://www.bigmarker.com/spcevents/New-Horizons-in-Recycling-Infrastructure-Creating-new-revenue-streams-and-flexible-recycled-material-claims-via-a-new-Plastic-Credits>



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