

BlueClover

All Things PP

Brainfood for the Plastics Industry

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Market Update

Plastics Feedstocks (Oil, Naphtha, Propane)

- Since our last report, oil and naphtha are down in price despite the conflict in the Middle East, while propane pricing is unchanged.
- WTI crude oil is down about 6% the past two weeks despite heavy conflict in the Middle East. One reason that prices may have dropped is that Saudi Arabia and its oil producing allies have more spare oil capacity now than at any time in the past 10 years except for the Covid years (2020-2021) when demand dropped significantly. This spare capacity could come on quickly in the event of a price spike.
- Naphtha prices (CIF Japan) are also lower by 6% with recent pricing at \$660/mt
- Physical propane prices in Mont Belvieu, TX are down only about 2% to a spot price of 69 cents per gallon (cpg).

Propylene

- Physical PGP prices have traded between 38.5cpp and 41.5cpp since the 2nd half of September. Yesterday the closing price for physical PGP in Mont Belvieu was 40.5cpp. Most of the increase in PGP pricing was a result of the PDH issues at Dow and Enterprise 1 that occurred in the Aug/Sep time frame. Back in August PGP prices were trading between 31cpp and 33cpp,
- The month to date calendar average for PGP is 40.5cpp according to the PetroChem Wire. BlueClover is revising our October contract PGP price guess to 42cpp (up from 41cpp in our last report).
- BlueClover is estimating Nov Contract PGP at 37cpp (up from 35cpp in our last report) and December contract PGP at 35cpp (up from 34cpp in our last report).
- What's somewhat interesting is that we have revised our Oct, Nov, and Dec contract PGP prices higher despite pricing in crude oil moving lower the past two weeks. The reason is the physical PGP market has been resilient in this 39-41cpp range as we cross into the 2nd half of October. BlueClover still expects physical PGP pricing to slide into the mid to low 30s over the next two months but we think the pace or speed of the price move will be slower than expected a couple of weeks ago.

Polypropylene

- PP capacity continues to operate at reduced levels because of some planned and unplanned outages highlighted in our last report. The market is handling the reduction in supply well as demand is starting to subdue. We are past some of the orders that would make its way to the store shelf for the holiday shopping period. Also, as PGP prices remain elevated and another price increase is in store for October, convertors see more risk to "paying up" in price as compared to buying in August when PGP and PP prices were cheaper.

Feedstock "Spot" Prices:

<u>Product</u>	<u>Location</u>	<u>Price as of Oct 11</u>	<u>Price as of Sep 26</u>	<u>Unit</u>
Brent Crude	North Sea, Europe	86.92	94.03	USD/barrel
WTI Crude	Cushing, OK	85.19	90.53	USD/barrel
Natural Gas	Henry Hub, LA	3.37	2.61	USD/MMBtu
Naphtha	C&F Japan	660	705	USD/mt
Ethane	Mont Belvieu, TX	28.25	27.75	Cents/Gal
Propane	Mont Belvieu, TX	69	70.5	Cents/Gal
Ethylene (Enterprise system)	Mont Belvieu, TX	22.625	22	Cents/Lb
PG Propylene (Enterprise)	Mont Belvieu, TX	40.5	38.375	Cents/Lb



Repro Supply Options

HERO GREEN™ (Recycled PP)		
Repro Grade	Repro Description	Location
HG08BK3-PC	8 melt 1.5 izod Black (Post Consumer)	Available upon request
HG10NA3-PC	10 melt 1.7 izod Natural (Post Consumer)	Available upon request
HG20BK3	20 melt 2 izod Black (Post Industrial)	Available upon request
HG20NA3	20 melt 2 izod Natural/Clear (Post Industrial)	Available upon request
HG20NA3-PC	20 melt 1.7 izod Natural (Post-Consumer)	Available upon request
HG35BK3	35 melt 1.5 izod Black (Post Industrial)	Available upon request
HG35NA3-PC	35 melt 1.5 izod Natural (Post Consumer)	Available upon request
HG10BK1	10-12 melt Homo PP Black (Post Industrial)	Available upon request
Regrind Grade	Regrind Description	Location
HG8RG10-PC	8 melt 10 izod Black Regrind (Post Consumer)	Available upon request
HG20RG2	10-30 melt 1.5 izod Plus Black or Mixed Color (Post Industrial)	Available upon request
HERO GREEN™ (Post Consumer HDPE Repro)		
Grade	Description	Location
HG6GRPE	6 melt HDPE Grey - 0.94 - 0.954 density	Available upon request



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