

BlueClover

All Things PP

Brainfood for the Plastics Industry

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Market Update

Plastics Feedstocks (Oil, Naphtha, Propane)

- Over the past two weeks, WTI prices are down a little over 5% to \$77.91/barrel. Prices are down almost 8% the past month after a big rally in the 1st quarter.
- Propane prices in Mont Belvieu, TX are down about 11% the past two weeks to 69 cents per gallon (cpg).
- Naphtha prices (CIF Japan) are down about 4% past two weeks to \$670/mt.

Propylene/Polypropylene

- Physical PGP prices currently sit at 41.75cpp, pretty much unchanged from two weeks ago. Last week physical PGP prices rallied up to 43.5cpp only to fall back to the 41-42cpp level this week.
- April contract PGP settled at 48cpp. We at BlueClover were expecting 47cpp. The April 2024 monthly average for physical PGP as reported by PetroChem Wire was around 42cpp.
- The overall supplies of PGP are tight compared to history which is concerning if there were to be an unexpected issue with any PDH unit. However we expect PGP pricing will move lower in the 2nd half of May and June for the following reasons: 1) supply for PGP is improving as more production is online 2) Reduced PGP demand as some PP units still not running and 3) stagnant growth in PP demand from convertors.
- BlueClover anticipates physical PGP pricing to trend towards the upper 30s thru the end of May and then into the 34-36cpp range in June. BlueClover is estimating the May contract PGP in the 42-43cpp range (unchanged from our last report) and the June contract PGP price in the 37-39cpp range (down 2 cpp from our last report). BlueClover expects pricing to trend higher in July and August.
- PP markets are flat over the past two weeks. The recent pause in the PGP price slide along with some continued PP production outages has helped producers hold on to pricing for both widespec and prime materials these past two weeks. As mentioned in our last report, we expect widespec PP prices to follow PGP prices on close to a 1:1 ratio from this point forward. This ratio is if PGP prices move lower, if they suddenly move higher than widespec PP prices may not rally as much.



Feedstock “Spot” Prices:

<u>Product</u>	<u>Location</u>	<u>Price as of May 7</u>	<u>Price as of April 24</u>	<u>Unit</u>
Brent Crude	North Sea, Europe	82.63	87.51	USD/barrel
WTI Crude	Cushing, OK	77.91	82.21	USD/barrel
Natural Gas	Henry Hub, LA	2.20	1.62	USD/MMBtu
Naphtha	C&F Japan	700	670	USD/mt
Ethane	Mont Belvieu, TX	18.75	19	Cents/Gal
Propane	Mont Belvieu, TX	68.875	77.75	Cents/Gal
Ethylene (Enterprise system)	Mont Belvieu, TX	19.75	19.375	Cents/Lb
PG Propylene (Enterprise)	Mont Belvieu, TX	41.75	41	Cents/Lb

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