

BlueClover

All Things PP

Brainfood for the Plastics Industry

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Market Update

Plastics Feedstocks (Oil, Naphtha, Propane)

- Over past two weeks, WTI Crude Oil is up 1% to a spot price of \$82.85/barrel, Naphtha (Japan) up about 3% to a spot price of \$713/mt, and Propane (Mont Belvieu) up about 5% to a spot price of 83.5 cents per gallon. Crude oil is up 13% since June 4th and is within \$4/barrel of its 2024 high settlement price of \$86.91 set on April 5th.

Propylene/Polypropylene

- Physical PGP prices are up 4% the past two weeks to a spot price of 51cpp from 49cpp two weeks ago. Physical PGP prices were as low as 41.75 in early May and have climbed over 22% the past two months.
- In our last report we wrote the following: *“These past two weeks have shown that our timing is off, but we do not believe that the low for contract PGP has been set for the spring/summer 2024. We expect pricing to slide lower in July and August and for contract PGP to average between 42-44cpp during those months (up from 39-42cpp in our previous reports).”*
- As of now its both our timing and price direction that are wrong. PGP continues to climb higher from our last report. Reasons include Enterprise’s PDH 2’s planned maintenance in an already snug PGP market, possible restocking inventory for hurricane season, and slightly better demand for PGP derivatives than expected.
- Most industry analysts believe the 2024 low for contract PGP has been set in May at 46cpp. BlueClover will continue to hold its view that another price dip for PGP is due this summer. This view feels difficult to hold in a market where we have the earliest (in terms of calendar) category 5 hurricane in our history and weather pundits are calling for a very active hurricane season. Also demand for PP has been better than expected.
- BlueClover does not believe that a sustained 10cpp premium for PGP compared to its 2022-2023 average pricing will hold. While demand for PP is better than expected PP producers have been operating at sub 80% in an attempt to match production to demand. BlueClover believes the market for PP will get longer at some point over the summer and that oversupply will push into reduced PGP demand. PP days of supply on hand is relatively healthy compared to prior years. It’s not the easiest time of year to hold this view.



Feedstock “Spot” Prices:

<u>Product</u>	<u>Location</u>	<u>Price as of July 2</u>	<u>Price as of June 20</u>	<u>Unit</u>
Brent Crude	North Sea, Europe	86.35	85.42	USD/barrel
WTI Crude	Cushing, OK	82.85	81.87	USD/barrel
Natural Gas	Henry Hub, LA	2.43	2.79	USD/MMBtu
Naphtha	C&F Japan	713	690	USD/mt
Ethane	Mont Belvieu, TX	16.375	19.75	Cents/Gal
Propane	Mont Belvieu, TX	83.5	77.75	Cents/Gal
Ethylene (Enterprise system)	Mont Belvieu, TX	25	25.5	Cents/Lb
PG Propylene (Enterprise)	Mont Belvieu, TX	51	49	Cents/Lb

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