

# BlueClover

All Things PP

Brainfood for the Plastics Industry

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## Market Update

### Plastics Feedstocks (Oil, Naphtha, Propane)

- After a rally in upstream energy pricing from mid Sept to mid October, the past 10 days or so have seen prices reverse lower again.
- Over the past two weeks, WTI crude oil is down 7%, Mont Belvieu propane is down 8% and naphtha (CIF Japan) is down around 2%.
- WTI crude oil prices are poised to break below \$70/barrel for the second time this year. Year to date crude oil prices are flat compared to Jan 1 but down 20% from their peak in early April.

### Propylene/Polypropylene

- PGP prices in Mont Belvieu decreased marginally to 39.875cpp from 40cpp two weeks ago. Spot prices traded up to 41.75cpp on Oct 16<sup>th</sup> only to fall back down. Wednesday Oct 23<sup>rd</sup>'s price settlement of 39.875cpp marks the first time physical PGP fell below 40cpp this year. BlueClover has been expecting spot physical prices to break below 40cpp (in our last report we forecasted November contract PGP at 41cpp and contract PGP typically settles around a 3cpp premium over physical pricing for the month).
- BlueClover believes that PGP downside pricing pressures should continue. One reason is the upstream energy markets taking a leg back down. Same as last week, the fundamentals for PGP remain bearish with ample PGP supply coming from on-purpose PDH units and the possibility of reduced PGP demand into PP units as operating rates reduce so that PP supply does not continue to outpace demand.
- BlueClover is expecting October contract PGP to settle at 45cpp, 41cpp in November and 44cpp in December. BlueClover's estimate for 1Q 2025 contract PGP pricing is 55cpp. These are all unchanged from our last report.
- We have been adamant since the summer that we do not believe May's contract PGP price of 46cpp was the low for the year.
- Polypropylene remains over supplied in the current environment. September saw large decreases in both domestic demand and export demand for PP. This has led to a spike in days of supply. PP Suppliers may need to unload inventories and throttle back operating rates to rebalance the market before the start of the new year.



## Feedstock “Spot” Prices:

<u>Product</u>	<u>Location</u>	<u>Price as of Oct 24th</u>	<u>Price as of Oct 10th</u>	<u>Unit</u>
Brent Crude	North Sea, Europe	74.28	78.88	USD/barrel
WTI Crude	Cushing, OK	70.03	75.40	USD/barrel
Natural Gas	Henry Hub, LA	2.40	2.66	USD/MMBtu
Naphtha	C&F Japan	670	680	USD/mt
Ethane	Mont Belvieu, TX	19.75	22.125	Cents/Gal
Propane	Mont Belvieu, TX	69.875	75.875	Cents/Gal
Ethylene (Enterprise system)	Mont Belvieu, TX	21.5	22.5	Cents/Lb
PG Propylene (Enterprise)	Mont Belvieu, TX	39.875	40	Cents/Lb

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