

# BlueClover

All Things PP

Brainfood for the Plastics Industry

Issue 24.06 – Mar 2024



## Market Update

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

- WTI crude oil prices are unchanged around \$79/barrel. Over this two week period WTI has been very steady, not fluctuating by more than \$2/barrel in either direction.
- Naphtha prices (CIF Japan) are up a little over 1% the past two weeks to \$700/mt
- Physical propane prices in Mont Belvieu, TX are down 10%% over same time period to a spot price of 76.5 cents per gallon. Our guess is that propane prices are dropping because of the milder temperatures the country has experienced in the 2<sup>nd</sup> half of the winter.

### Propylene

- Physical PGP prices currently sit at 58cpp, up 3cpp from our report two weeks ago. On Friday March 1, physical PGP traded 60cpp and remained there until Friday March 8<sup>th</sup> when it dipped to 58cpp where it's been since then. Currently physical PGP prices are 5cpp higher as compared to the Feb monthly averaged physical PGP price of approx 53cpp.
- Well I'm glad we put the "we can be wrong disclaimer" in our last report. We wrote:
- *"Our estimates would expect the price drop to occur in March. However...it is incredibly difficult to call the top of bull markets and March may end up pricing higher than February given the continued tightness. All that being said BlueClover is expecting a decrease of 12 to 15cpp in contract PGP prices either over a two month period (either the March-April time period or the April-May time period)."*
- So the next couple of weeks is where the rubber meets the road in our prediction. Will physical PGP prices fall 12-15cpp over the April-May time period? We are digging our heels in and stating we expect physical PGP pricing to drop 13-16cpp over the April-May timeframe. If we are wrong in this prediction, we will start a career in political polling where being right doesn't seem to matter.
- BlueClover is estimating March contract PGP in the 56-59cpp range (up from 44 – 47cpp in our last report) range and April in the 45-48cpp range (up from 40-43cpp) and May in the 41 –44cpp range.
- A March contract PGP price increase will mark the 7<sup>th</sup> straight month of either a price increase or a flat rollover.

## Market Update

### Propylene/ Polypropylene

- Our view of lower PGP prices over the next two months is a result of reduced PGP demand from PP producers.
- Are PP producers able to raise prices for PP in March because of their higher feedstocks costs? The answer is yes. PP buyers who have been waiting months on end for expected price drops and have been running their inventories low do need to buy and if they need resin by the end of this or next month they are having to pay higher pricing.
- Still PP producers are not able to raise prices for PP widespec enough to justify the economics between PGP feedstock and widespec pricing. The spread between PGP and certain PP widespec grades have remain inverted for too long which is forcing PP suppliers to cut back on operating rates.
- Along these same lines, BlueClover does not believe widespec PP buyers should expect the same price movement (the delta) for the widespec PP compared to how much PGP prices go down. For example, if PGP prices decrease 15cpp over the next two months, in our opinion this may only result in a 7-8cpp decrease for widespec PP. This is a result of producers trying to claw back from the negative margins with widespec PP sales at the moment.

## Feedstock “Spot” Prices:

<u>Product</u>	<u>Location</u>	<u>Price as of Mar 13</u>	<u>Price as of Feb 28</u>	<u>Unit</u>
Brent Crude	North Sea, Europe	83.85	84.24	USD/barrel
WTI Crude	Cushing, OK	79.56	79.56	USD/barrel
Natural Gas	Henry Hub, LA	1.68	1.86	USD/MMBtu
Naphtha	C&F Japan	700	690	USD/mt
Ethane	Mont Belvieu, TX	18.125	19.25	Cents/Gal
Propane	Mont Belvieu, TX	76.5	85	Cents/Gal
Ethylene (Enterprise system)	Mont Belvieu, TX	18.75	18.875	Cents/Lb
PG Propylene (Enterprise)	Mont Belvieu, TX	58	55	Cents/Lb



## HERO GREEN™ - PP Recycled Grades

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