

## AUGUST 6-10, 2018

**SUMMARY:** PP spot prices were mostly steady this week amid continued tight supply. Preliminary industry data for Jul showed a modest inventory build of 21 million pounds, despite a number of unplanned outages keeping operating rates in the upper 80s. Imports were competitive with domestic pricing, and offshore suppliers were seeing buying interest for HoPP raffia and BOPP film.

US PP export volumes have fallen off this year as domestic supply has grown tighter. Export volumes for 1H 2018, including PP and propylene copolymers, totaled 1.875 billion pounds, down from 2.252 billion pounds a year earlier. China's newly announced tariffs on US PP imports were unlikely to have much impact. The US shipped 66 million pounds of PP and copolymers to China (including Hong Kong) in 1H 2018, down from 221 million pounds a year earlier.

**CONTRACT MARKET:** PP contract prices in Aug were expected to continue tracking the PGP contract market. Initial expectations for Aug PGP were discussed at a rollover or small increase from Jul.

**OPERATIONS:** No new unplanned outages were confirmed. Total maintained its force majeure declaration on impact CoPP from La Porte, TX as it worked to recover from unplanned outages earlier this year. ExxonMobil maintained sales allocations for HoPP products supplied from Baton Rouge, LA.

**HOUSTON/CHICAGO:** The Houston railcar spot market was again thinly traded, as US prices were deemed too high for export. Prices were assessed flat at 72 cpp railcar FOB Houston. Deep sea HoPP cargoes for Aug shipment were available in the low-mid 60s cpp CFR Houston and US East Coast ports. A few spot HoPP IM offers surfaced in the domestic market, but quotes were generally on a floating basis with respect to monomer. The FOB Chicago market was assessed 1 cpp higher on the week at 77 cpp. On the West Coast, small quantities of HoPP IM (20 MI) were offered at 66 cpp bags FOB Los Angeles early in the week, along with random CoPP (45 MI, clarified) at 75 cpp bags FOB Los Angeles.

**DOMESTIC RESALE:** Spot prices were mostly unchanged this week. Generic prime HoPP IM was at 79-83 cpp railcar delivered and generic prime impact CoPP was at 81-85 cpp railcar delivered. Offgrade HoPP IM continued to sell in the upper 60s cpp and lower 70s cpp railcar delivered. Offgrade impact CoPP, especially no break resin, was trading closer to the mid-70s cpp due to tight supply.

**RECYCLED PP:** HoPP IM black repro was offered at 48 cpp delivered Northeast, the high of business done in Jul. HoPP IM regrind was last seen at 34-38 cpp delivered Ontario, Canada (US cents). No CoPP IM regrind business was seen this week in Northeast markets. CoPP black post-consumer resin was steady at 51-54 cpp delivered locations in the US and Canada, including locations for export to Mexico. In the scrap markets, clean PP super sacks were seen at 6 cpp FOB east of Rockies.

## PRICE SNAPSHOT

### FOB RAILCAR

(\$/lb)	Thursday	1-Week Δ	4-Week Δ
HoPP raffia (Houston)	0.720	-	+0.040
HoPP IM (Houston)	0.720	-	+0.040
HoPP IM (Chicago)	0.770	+0.010	+0.030

### DOMESTIC RESALE - RAILCAR DLVD

(\$/lb)	Thursday	1-Week Δ	4-Week Δ
HoPP IM	0.810	-	+0.035
HoPP IM (wide spec)	0.690	-0.010	-0.020
CoPP IM	0.830	-	+0.025

### RECYCLED - TRUCKLOAD DLVD

REPRO (\$/lb)	Thursday	1-Week Δ	4-Week Δ
Black HoPP IM (FOB)	0.440	-	-0.070
Black PC CoPP (Dlvd)	0.525	-	-0.075
MC HoPP Extr (Dlvd MW)	0.280	-	-

**REGRIND (\$/lb)**

MC HoPP IM (FOB)	0.305	-	-0.035
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### FEEDSTOCKS

(\$/lb)	Thursday	1-Week Δ	4-Week Δ
Spot PGP	0.60000	-0.00250	+0.02750
Spot RGP	0.43500	-	+0.01000
Spot Propane	0.22665	+0.00414	+0.00680
NYMEX WTI crude (\$/bbl)	66.81	-2.15	-3.52
EIA nonfuel propylene stocks (thousand barrels)	2847	+85	+497

Please see monthly averages on page 3.

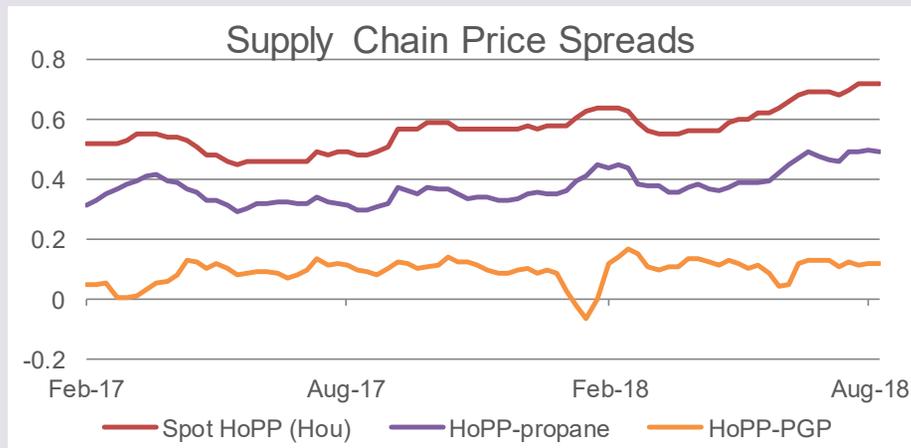
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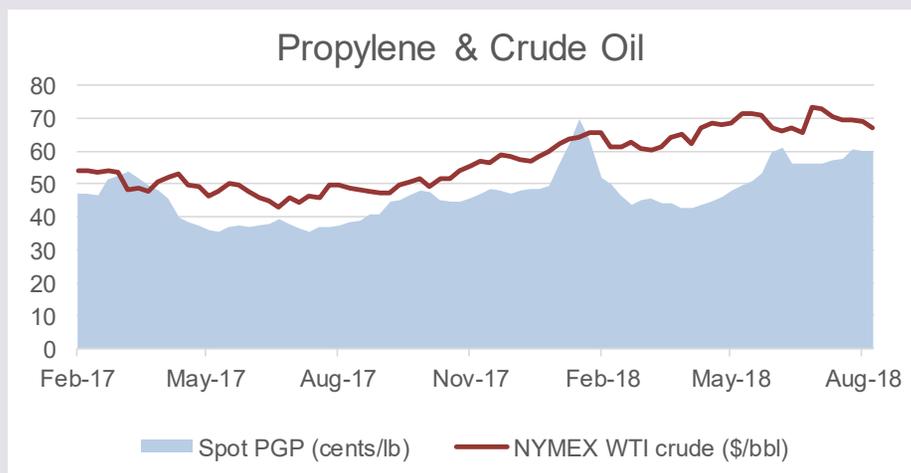
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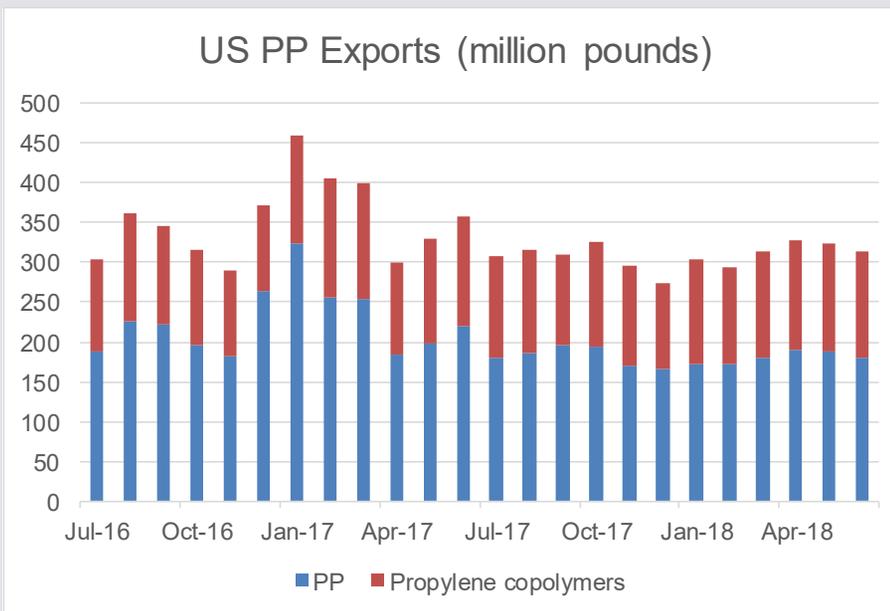
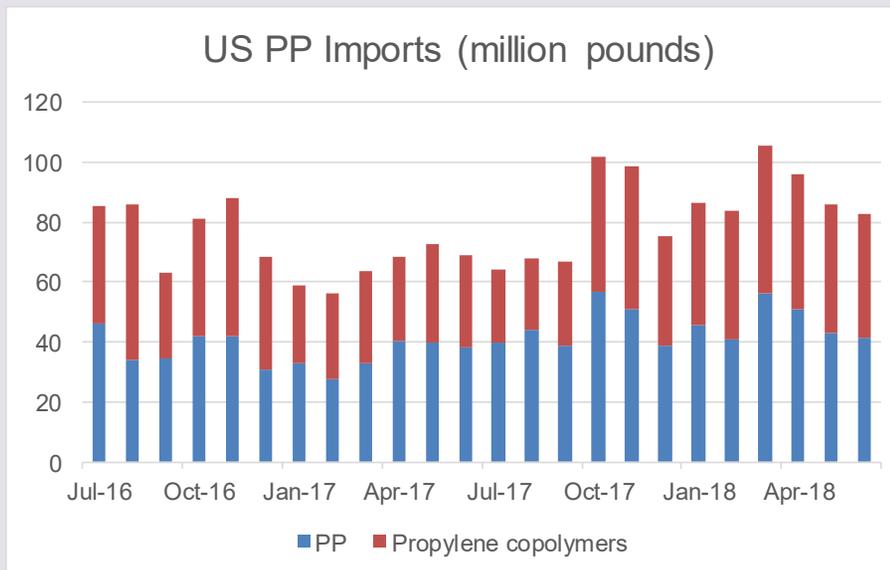
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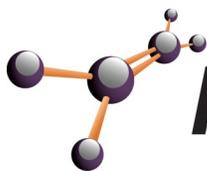


**PROPYLENE:** Spot PGP for Aug delivery traded early in the week at 60 cpp, down from 60.25-60.5 cpp in the prior week. Spot pipeline RGP did not trade, but offers were seen late in the week at 44 cpp, just above the last done deal at 43.5 cpp on Jul 31. An uptick in FCC operating rates along the US Gulf Coast was expected to boost RGP supply. There were no developments in the PGP contract market. Jul PGP contracts previously settled flat at 59 cpp.



## US TRADE DATA





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## MONTHLY PRICES

	Aug MTD	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug
<b>FOB Railcar</b>													
HoPP (Houston)	0.72000	0.69762	0.67714	0.61227	0.56381	0.55286	0.62563	0.62048	0.57650	0.57000	0.58182	0.56000	0.48435
HoPP (Chicago)	0.76625	0.74952	0.71476	0.65273	0.60429	0.59048	0.67563	0.67333	0.61950	0.61667	0.65091	0.63200	0.52261
<b>Domestic Resale</b>													
HoPP	0.81000	0.79143	0.75595	0.68795	0.64333	0.63214	0.70368	0.70310	0.64725	0.65238	0.68523	0.66725	0.56739
CoPP	0.83000	0.81595	0.77286	0.70773	0.66357	0.65524	0.73237	0.72905	0.68000	0.68595	0.71477	0.68828	0.60087
<b>PGP</b>													
Contract	N/A	0.59000	0.59000	0.51000	0.46000	0.47000	0.53000	0.59000	0.50000	0.49000	0.48000	0.46500	0.39500
45d Wtd Spot Avg	0.60211	0.58366	0.58997	0.51222	0.43496	0.44519	0.58917	0.63558	0.48466	0.46679	0.45936	0.44254	0.37436

## INTERNATIONAL PP

### LATIN AMERICA

HoPP raffia/IM selling prices continued to slip this week, averaging \$1370-1390/mt (62.1-63 cpp) CFR WCSA.

### EUROPE

Aug PP contract prices were rolling over from Jul amid seasonally soft demand. Spot prices were flat this week at €1325/mt (\$1511/mt or 68.5 cpp) FD NWE for HoPP and €1365/mt (\$1557/mt or 70.6 cpp) FD NWE for CoPP.

### ASIA

Southeast Asia spot import prices increased \$40/mt to \$1295/mt CFR. Following the lead of futures prices, East China domestic spot prices rose by Rmb310/mt to Rmb10110/mt ex-warehouse, which nets back to a CFR CMP price of \$1168/mt or 53 cpp. PetroChina and Sinopec raised their domestic PP prices by Rmb400-500/mt. The active PP futures contract on the Dalian exchange (now the Jan 2019 contract) ended the week at Rmb10145/mt, the highest closing price for the active contract since Oct 2014.

*European and Asian commentaries and prices are courtesy of Tecnon OrbiChem.*

## GLOBAL INDICATORS

	SPOT		1-Week Δ	
	\$/MT	\$/LB	\$/MT	\$/LB
HoPP CFR SE Asia	1295	0.587	+40	+0.018
HoPP FD NW Europe	1511	0.686	-26	-0.012
HoPP CFR WCSA	1390	0.630	-20	-0.009
HoPP FOB Houston	1587	0.720	-	-

