

September 9, 2022 | Volume 11: Issue 36

THIS WEEK IN THE MARKET

PVC RESIN: It was a quiet, holiday-shortened week in the PVC market, with a good number of market participants out of the office. The market was still absorbing the prediction of large, sustained price decreases in the coming months and how such an unprecedented decline in PVC prices would affect their business.

The idea that resin prices will drop by 28 cpp from the Jul settlement through Dec, followed by a further 6 cpp in 1Q 2023 for a total of 34 cpp, had proved unsettling for market participants. Resin buyers were uncertain whether to make business plans based on this forecast, because they were not confident that it won't be moderated when Aug prices settle at the end of Sep.

Pipe converters had recouped the resin price increases of the past two years and added significant margin increases on top. Many of them were seeing demand pull back lately as their customers began to work off inventory in the expectation that falling PVC prices would push down pipe prices. At the same time, some still had a nice backlog and were expecting at least a small uptick in demand in October. For many pipe converters, Oct is normally their best sales month of the year, but they are not expecting a similar uplift in sales this year.

Converters in other downstream markets, such as siding and flooring, had not been able to push much of the resin price runup down to their own customers, if any, and had absorbed that increase in costs themselves. Their concern was that customers would nonetheless expect to see siding and flooring prices respond to dropping PVC prices.

REGRIND/RECYCLE PVC: PVC mixed colors pipe regrind was down fractionally at 49-52 cpp delivered US Southeast. Medical grade PVC regrind was unchanged on the week in the low-50s cpp delivered Chicago. Clear PVC regrind from post-industrial profiles, rejected windows, doors and siding was in the low-70s cpp delivered east of the Mississippi.

ETHYLENE: Outright trades were outnumbered this week by exchange and spread trades. Sep MtB-EPC ethylene traded eight times at 25 cpp (six times for specified delivery dates) and nine times at 25.25 cpp (four times for specified delivery dates). Sep TX-Other ethylene did not trade. In Louisiana, Sep Choctaw ethylene traded once at 24.75 cpp and once at 24.5 cpp.

Aug ethylene contract settlements were confirmed last week at 40 cpp (up 1.75 cpp from Jul); not all parties were in agreement.

Ethylene cash costs were mostly lower this week, according to OPIS data. Sep ethane-based ethylene cash costs based on Thursday's prices decreased by 2.5 cpp compared to the level posted last Thursday to 20.5 cpp. Propane-based costs were lower by 0.4 cent at 32 cpp, while butane-based costs inched down by 0.9 cent to 27.8 cpp. The ethane-ethylene spread moved up by 1.7 cpp to 7.6 cpp.

PRICE SNAPSHOT

Domestic Contract

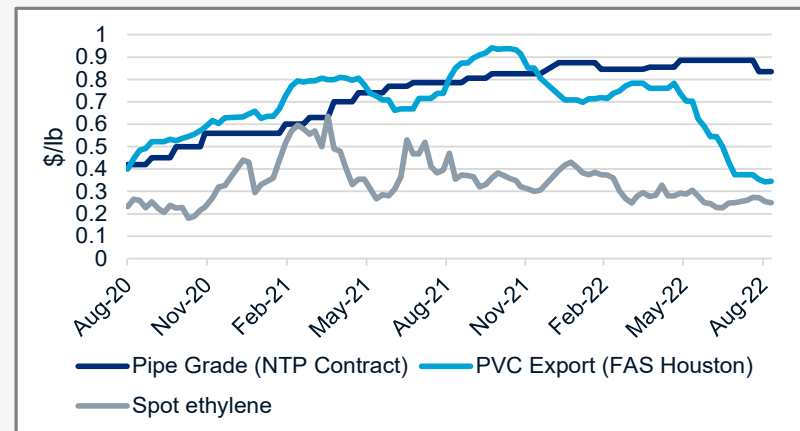
(\$/lb)	Low	High	Midpoint	\$/mt
NTP CONTRACT				
Jul Pipe Grade	0.825	0.845	0.835	\$1,841
Jul GP Grade	0.865	0.895	0.880	\$1,940

POSTED CONTRACT

Jul Pipe Grade	1.115	1.145	1.13	\$2,491
Jul GP Grade	1.175	1.195	1.185	\$2,612

Spot Export

(\$/mt)	Low	High	Midpoint	\$/lb
FAS HOUSTON				
9/9/2022	750	770	760	0.3447
9/2/2022	745	765	755	0.3425
8/26/2022	770	790	780	0.3538
8/19/2022	800	850	825	0.3742



September 9, 2022 | Volume 11: Issue 36

PVC PIPE MARKETS

MUNICIPAL PIPE: Prices for municipal pipe remained stable at Block 440 for immediate ship and converters reported nobody was asking for a better price. Distributors and end users were trying to work down their inventories as quickly as possible and were only ordering to fill holes in their supply, before dropping PVC resin prices inevitably push pipe prices down. Order entry remained slow this week, but converters were hoping to see at least a small uptick in demand in Oct.

For many pipe converters, Oct is their best sales month of the year, but they don't expect to see any major surge this year. Converters are hoping they will be able to build up their own inventories this winter, which they need in order to handle a normal surge in demand next spring.

At the same time, some are planning to take their plants down for maintenance over the Thanksgiving and Christmas/New Year holidays. A number of converters were not able to shut for maintenance last year because demand was so high, and they resorted to doing what work they could on lines when they were taken down for changeovers.

PLUMBING PIPE: Market prices continued to be set off of the Apr 8 price sheets less discounts of 10-15% for most customers. The Apr sheets set prices for 4" DWV Schedule 40 plain end pipe at \$4.98/ft in the East & Central regions, \$4.72/ft in Texas & Oklahoma, and \$5.56/ft in the West. Converters said discounts of 10-12% off the sheets were common in northern sales territories. A discount of 10% would take prices back to the level of the Nov 2021 price sheets at \$4.49/ft in the East & Central regions, \$4.26/ft in Texas & Oklahoma, and \$5.02/ft in the West.

Distributors and other large buyers in the South and in the Texas & Oklahoma region reported receiving discounts as large as 14-15%, which puts pricing at about the level of the Sep 2021 price sheets. Those sheets set pricing at \$4.27/ft in the East, \$4.05/ft in Texas & Oklahoma, and \$4.77/ft in the West.

This week several converters moved all customers in Texas & Oklahoma to the Sep 2021 sheet less 5% for plain end and bell end pipe, which would put their prices at \$3.80/ft. Some customers were convinced that now that the market has moved to that level, the first converter that offered pricing at the Sep sheet less 5% will feel compelled to drop its price further because it has lost the competitive advantage.

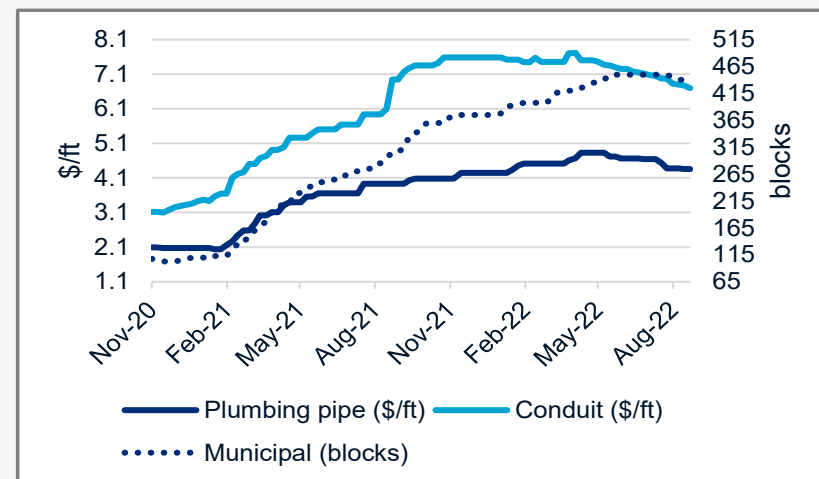
Market participants said that while prices appeared to be fairly stable in more northern markets, those in the more southerly latitudes were under pressure. Price ranges this week were seen at \$4.23-4.48/ft in the East & Central regions, at \$3.80-4.15/ft in Texas & Oklahoma, and at \$4.40-4.70 in the West. Distributors said that pricing for plumbing fittings had also come under pressure, and prices for DWV fittings in sizes 4" and below were reported to have dropped by 5-10% from the peak.

PVC PIPE PRICES

Municipal Pipe (Blocks)	Low	High	Midpoint
9/9/2022	440	440	440.00
9/2/2022	440	440	440.00
8/26/2022	440	440	440.00
8/19/2022	440	450	445.00

Plumbing Pipe (East \$/ft)	Low	High	Midpoint
9/9/2022	4.23	4.48	4.36
9/2/2022	4.23	4.48	4.36
8/26/2022	4.25	4.50	4.38
8/19/2022	4.25	4.50	4.38

Conduit Pipe (East \$/100 ft)	Low	High	Midpoint
9/9/2022	665	675	670.00
9/2/2022	672	682	677.00
8/26/2022	675	685	680.00
8/19/2022	675	690	682.50



September 9, 2022 | Volume 11: Issue 36

PVC PIPE MARKETS, continued

CONDUIT PIPE: Prices for conduit pipe remained under pressure. What started the week as more sales being done at the bottom end of last week's price ranges ended the week with prices moving lower in most regions. Converters have found themselves competing briskly for a diminishing number of orders, as distributors and end users continued to work off their inventories and were only buying what pipe they needed to fill holes. Converters are hoping to see at least a small bump-up in demand in Oct, which is normally the best sales month of the year for many of them.

Prices in the East had dropped to \$665-675/100 ft, and prices in the Central region were lower at \$675-685/100 ft. Prices in the Southwest were still put at \$585-620/100 ft, while prices in the Northwest had slipped to \$670-690/100 ft.

INTERNATIONAL SPOTLIGHT

ASIA: FPG Taiwan originally announced that it was rolling over its prices for Sep lifting at \$930/mt CIF to China, \$1090/mt to India, and \$980/mt FOB Taiwan. FPG later reacted to lower prices being offered by competitors and reduced its prices to \$900/mt CIF China, \$1010/mt CIF India, and \$830/mt FOB Taiwan, where they still stand. The Autumn Festival in China and Thanksgiving in South Korea made for a quiet market this week. Traders expect FPG Taiwan to announce its Oct prices next week.

US GULF: Some producers said that export prices out of the USG had bottomed out and risen this week to \$770-780/mt (34.9-35.4 cpp) FOB USG. On the other hand, traders put US export prices at \$750-770/mt (34-34.9 cpp) FAS USG this week, up only slightly from last week's level. Traders were still struggling with low demand in target markets, as well as logistical problems in getting PVC out of the US. They said right now US prices work to Europe, but the problem is getting space on a ship.

MEXICO: In response to US pipe grade PVC coming into Mexico by railcar at \$900/mt delivered, Vestolit announced its Sep prices last week at \$900-1000/mt (49.9-54.4 cpp) delivered for pipe grade and at \$1200-1300/mt (54.4-59 cpp) for GP grade. It announced its export price at \$1000/mt (45.4 cpp) FOB Altamira. Market participants said there was no change in market pricing this week.

PCW's PVC & Pipe Plant Map details PVC resin plants and PVC pipe plants across the US and Canada. PCW has worked with PVC producers and converters to verify each location on the map. It is available as a 4' x 3' wall map. For more information or to purchase a map, please contact Cindy Bryan at cindy@petrochemwire.com.

STUDY CITES NEED FOR EV CHARGERS

With the number of electric vehicles on US roads expected to grow more than tenfold from 2021 to 2030, the country could require 1.8 million charging stations in eight years, according to new research from the Fuels Institute Electric Vehicle Council conducted by S&P Global Mobility. Installation of EV charging stations is expected to increase demand for conduit pipe.

Even now, with EVs a small percentage of overall vehicle registrations, the US has only about half of the public chargers necessary to meet demand, and the lack of charging stations is the number two consumer barrier to EV purchase behind vehicle price, S&P found.

The report forecasts more than 18 million EVs in operation nationwide by 2030, requiring an estimated ratio of 10 EVs per public charging station, though some high-demand areas such as California will require a smaller ratio. There were 1.87 million plug-in hybrid and battery-powered vehicles in operation as of Jul 2021.

An overall ratio of 10 to 15 EVs to one public charger will provide a sustainable infrastructure when the surrounding housing offers home-charging access as it does in the US, the research says.

In late 2021, the PlugShare EV drivers' app showed 95,290 charging stations nationwide, giving the US a ratio of almost 20 EVs per station, the study says. A ratio of 15 EVs to one electric vehicle supply equipment (EVSE) setup suggests the infrastructure is congested.

In some states with high concentrations of EVs, the numbers suggest an even greater charger deficit. The ratio of EVs per station is 31.1 in Arizona, 30.2 in New Jersey, 29.0 in California, 21.5 in Texas, 21.1 in Illinois and 21.1 in Washington state. Two of 15 states with the most EV registrations are not among the 15 states with the most charging stations -- New Jersey and Arizona.

Earlier this year, the US departments of Transportation and Energy announced nearly \$5 billion in funding under the National Electric Vehicle Infrastructure Formula Program to build out a national electric vehicle charging network. The program is designed to provide funding over five years to help states develop charging stations along designated alternative fuel corridors, particularly along interstate highways.

--Reporting by Donna Harris, dharris@opisnet.com;

Editing by Barbara Chuck, bchuck@opisnet.com

and Donna Todd, dtodd@opisnet.com