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## OCTOBER 15-19, 2018

**SUMMARY:** PP spot prices were steady amid balanced-to-tight supply. Import prices remained competitive versus domestic offers. Preliminary industry data from the ACC showed PP inventories fell by about 57 million pounds in Sep, as output was at its lowest level since Feb 2018. Sep domestic sales were also at a 7-month low of 1.332 billion pounds.

In downstream news, Trinseo reported a weaker outlook for its 3Q earnings due to higher raw material costs, declining automotive production and market uncertainty in China from ongoing trade negotiations. The company supplies PP compounds, among other plastics products, for the automotive industry.

**CONTRACT MARKET:** PP contract prices were expected to track the movement of propylene monomer in Oct. Resin market participants were anticipating a flat or slightly lower contract settlement this month.

**OPERATIONS:** LyondellBasell was expected to wrap up planned maintenance at its Lake Charles, LA facility this month, and Formosa was expected to begin a turnaround of some of its Point Comfort, TX PP capacity in 2H Oct. No unplanned outages were confirmed, and operating rates were expected to be higher than in Sep.

**HOUSTON/CHICAGO:** Oct HoPP raffia/IM spot railcar prices were stable at 72 cpp FOB Houston and 76 cpp FOB Chicago, as spot prime offers remained scarce. Prices are down 1 cpp on average over the past month. Transitional HoPP IM was seen at 71-72 cpp on a delivered basis.

**DOMESTIC RESALE:** Spot prices were steady. Generic prime HoPP IM was flat at 78-81 cpp railcar delivered. Generic prime impact CoPP was also unchanged at 81-84 cpp railcar delivered, with no-break resin quoted at the top end of that range. Decent offgrade HoPP IM was flat at 67-69 cpp railcar delivered; some higher melt index HoPP cars were quoted at 70 cpp or higher.

**RECYCLED PP:** HoPP IM regrind was done at 36 cpp delivered Midw est. HoPP IM black repro this week was offered at 46 cpp FOB Midw est. CoPP black post-consumer resin was last seen at 51-54 cpp delivered, with utility grade units at the lower end of the price range.

In the scrap markets, dirty PP flower pots, trays and planters were steady at 8 cpp delivered upper Midw est. Clean PP super sacks without liners were offered at 10 cpp FOB Houston.

## PRICE SNAPSHOT

### FOB Railcar

(\$/lb)	Thursday	1-Week Δ	4-Week Δ
HoPP raffia (Houston)	0.720	-	-0.010
HoPP IM (Houston)	0.720	-	-0.010
HoPP IM (Chicago)	0.760	-	-0.010

### Domestic Resale - Railcar Delivered

(\$/lb)	Thursday	1-Week Δ	4-Week Δ
HoPP IM	0.795	-	-0.015
HoPP IM (wide spec)	0.680	-	-0.010
CoPP IM	0.825	-	-0.005

### Recycled - Truckload Delivered

REPRO (\$/lb)	Thursday	1-Week Δ	4-Week Δ
Black HoPP IM (FOB)	0.430	-	-0.040
Black PC CoPP (DIvd)	0.525	-	-
MC HoPP Extr (DIvd)	0.220	-	-0.080
REGRIND (\$/lb)			
MC HoPP IM (FOB)	0.335	-	+0.005

### Feedstocks

(\$/lb)	Thursday	1-Week Δ	4-Week Δ
Spot PGP	0.56500	-0.00500	-0.01250
Spot RGP	0.45250	-	+0.00250
Spot Propane	0.22665	-0.01655	-0.02246
NYMEX WTI crude (\$/bbl)	70.97	-3.36	+2.38
ICE Brent crude (\$/bbl)	80.26	-4.32	+2.08
EIA nonfuel propylene stocks (kbbl)	2038	-92	-769

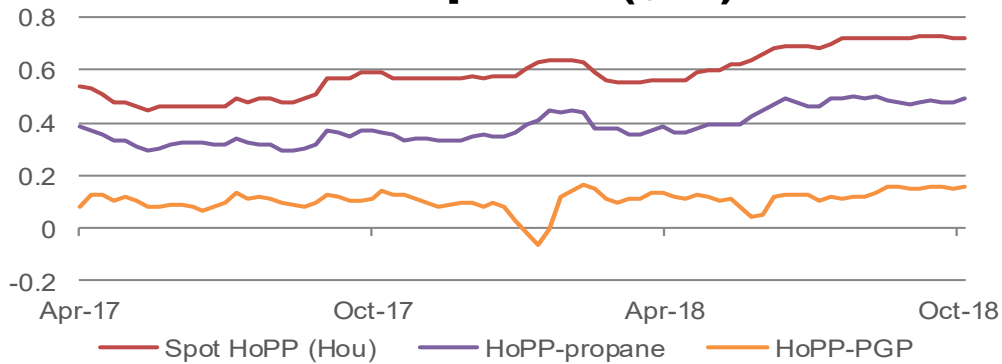
Please see monthly averages on page 3.

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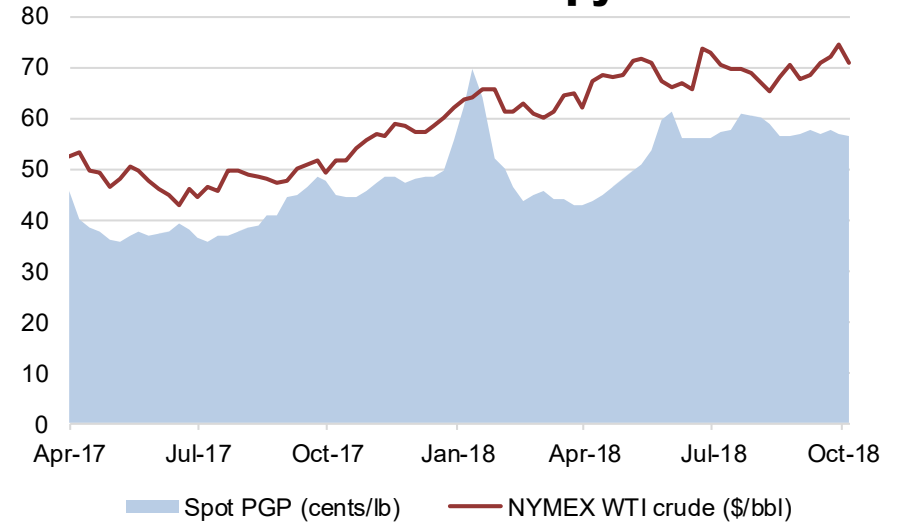
## FEEDSTOCKS

**PROPYLENE:** Oct MtB-EPC PGP traded at 56.5-57 cpp and ended the week at 56.5 cpp, down 0.5 cpp from the previous Friday. The prior week's PGP trading range was 56.5-57.75 cpp. Spot RGP prices were steady this week. Oct MtB-EPC pipeline RGP traded at 45.25-45.5 cpp, identical to the prior week's trading range. In operations news, Dow's PDH unit in Freeport, TX resumed normal operating rates this week. US Gulf refinery throughput remained high, around 95% utilization.

### US PP Spreads (\$/lb)

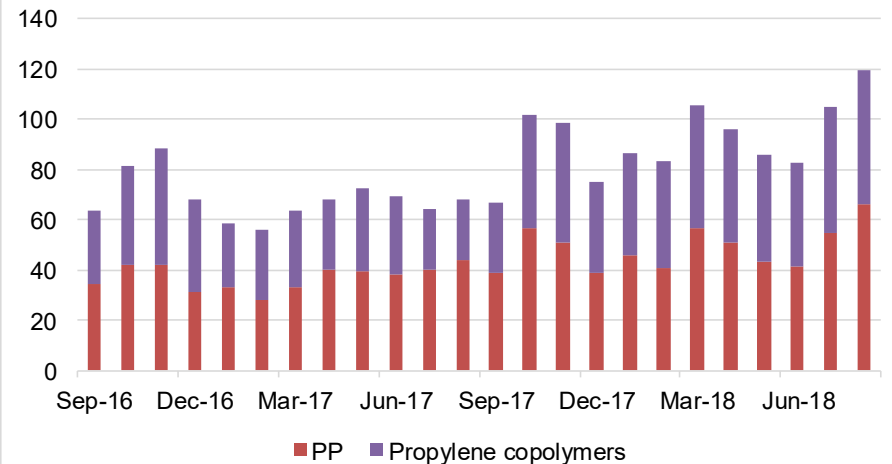


### Crude Oil and Propylene

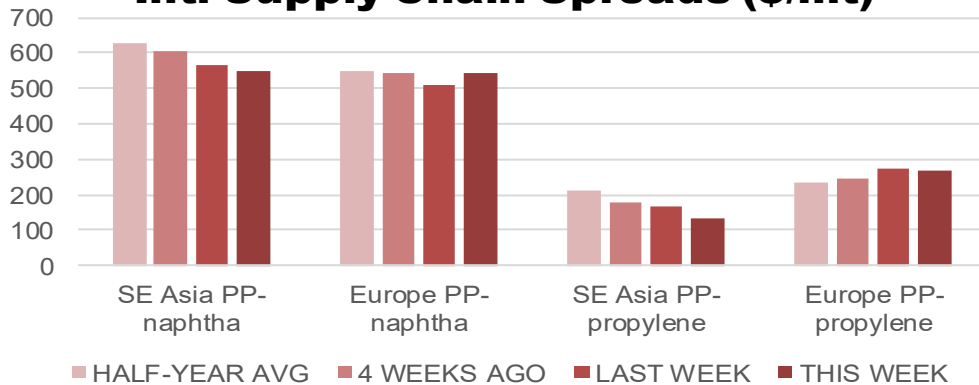


## US TRADE DATA

### US PP Imports (million pounds)



### Intl Supply Chain Spreads (\$/mt)



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## MONTHLY PRICES

	Oct MTD	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct
<b>FOB Railcar</b>													
HoPP (Houston)	0.72333	0.72737	0.72000	0.69762	0.67714	0.61227	0.56381	0.55286	0.62563	0.62048	0.57650	0.57000	0.58182
HoPP (Chicago)	0.76333	0.76895	0.76696	0.74952	0.71476	0.65273	0.60429	0.59048	0.67563	0.67333	0.61950	0.61667	0.65091
<b>Domestic Resale</b>													
HoPP	0.79500	0.80289	0.80955	0.79143	0.75595	0.68795	0.64333	0.63214	0.70368	0.70310	0.64725	0.65238	0.68523
CoPP	0.82500	0.82947	0.82977	0.81595	0.77286	0.70773	0.66357	0.65524	0.73237	0.72905	0.68000	0.68595	0.71477
<b>PGP</b>													
Contract	NA	0.60000	0.61000	0.59000	0.59000	0.51000	0.46000	0.47000	0.53000	0.59000	0.50000	0.49000	0.48000
45d Wtd Spot Avg	0.56950	0.57194	0.59815	0.58366	0.58997	0.51222	0.43496	0.44519	0.58917	0.63558	0.48466	0.46679	0.45936

## INTERNATIONAL PP MARKETS

### LATIN AMERICA

HoPP raffia prices were mostly seen at \$1360-1380/mt (61.7-62.6 cpp) CFR WCSA, up \$10/mt on average from the prior week. Supply was balanced.

### EUROPE

PP spot prices remained steady, but increases in propylene costs were expected to provide upward pressure for PP in the near term. HoPP was at €1325/mt (\$1537/mt or 69.7 cpp) FD NWE and CoPP was at €1365/mt (\$1583/mt or 71.8 cpp) FD NWE. Upstream, naphtha prices ended the week at \$675/mt, giving up most of the previous week's gains. Spot propylene prices were €10/mt higher this week at €1059/mt (\$1229/mt or 55.7 cpp).

### ASIA

Southeast Asia HoPP raffia import prices were \$35/mt lower on average at \$1267.50/mt (57.5 cpp) CFR. East China domestic HoPP raffia spot prices climbed Rmb790/mt to Rmb11515/mt ex-warehouse, which nets back to a CFR CMP price of \$1334/mt or 60.5 cpp. Sinopec and PetroChina both raised their domestic PP prices by more than Rmb400/mt from the end of Sep. In the futures market, the active HoPP contract on the Dalian exchange ended the week 4.3% higher at Rmb10406/mt. Upstream, propylene spot prices were flat to higher in the region.

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

	SPOT		1-Week Δ	
	\$/MT	\$/LB	\$/MT	\$/LB
HoPP CFR SE Asia	1268	0.575	-35	-0.016
HoPP FD NW Europe	1537	0.697	+14	+0.006
HoPP CFR WCSA	1370	0.621	+10	+0.005
HoPP FOB Houston	1587	0.720	-	-
	RMB/MT	\$/LB	RMB/MT	\$/LB
HoPP East China	11515	0.757	+790	+0.052
HoPP Dalian Futures	10406	0.684	+430	+0.028

