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# Argus Global Polyethylene Monthly Supplement

July 2021



Market Reporting

Consulting

Events

illuminating the markets

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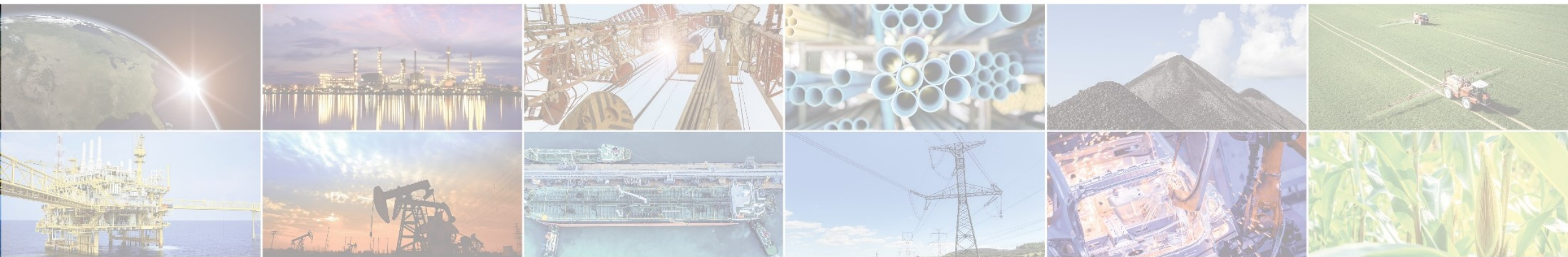
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# Agenda

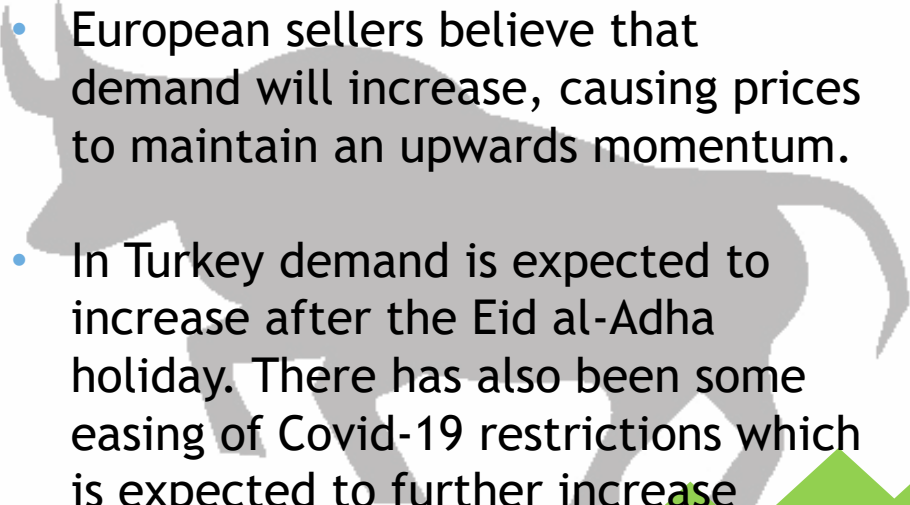
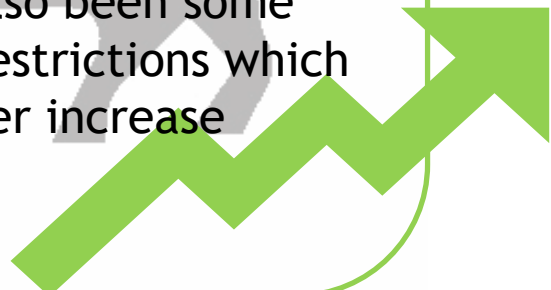
- Market sentiment
- Ethylene global cash costs and feedstock
- Global PE prices
- PE trade data
- PE inventory, production, & demand



# Global market sentiment



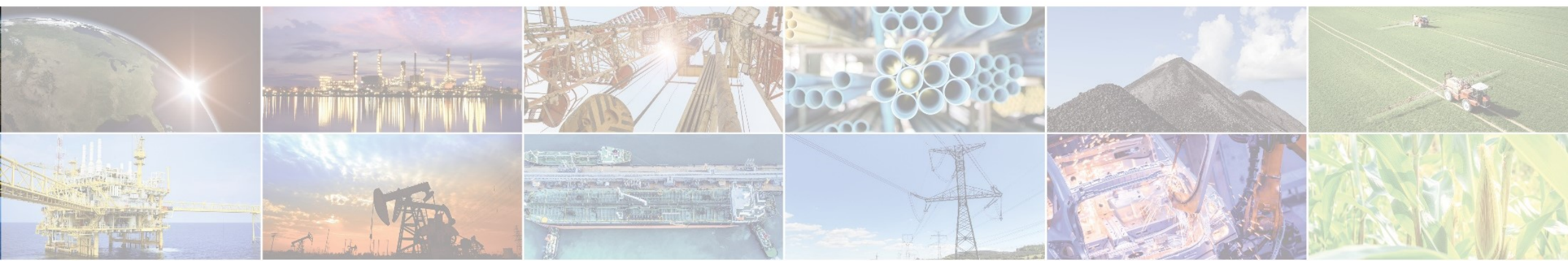


# Global market sentiment

- 
- 
- European sellers believe that demand will increase, causing prices to maintain an upwards momentum.
  - In Turkey demand is expected to increase after the Eid al-Adha holiday. There has also been some easing of Covid-19 restrictions which is expected to further increase demand.

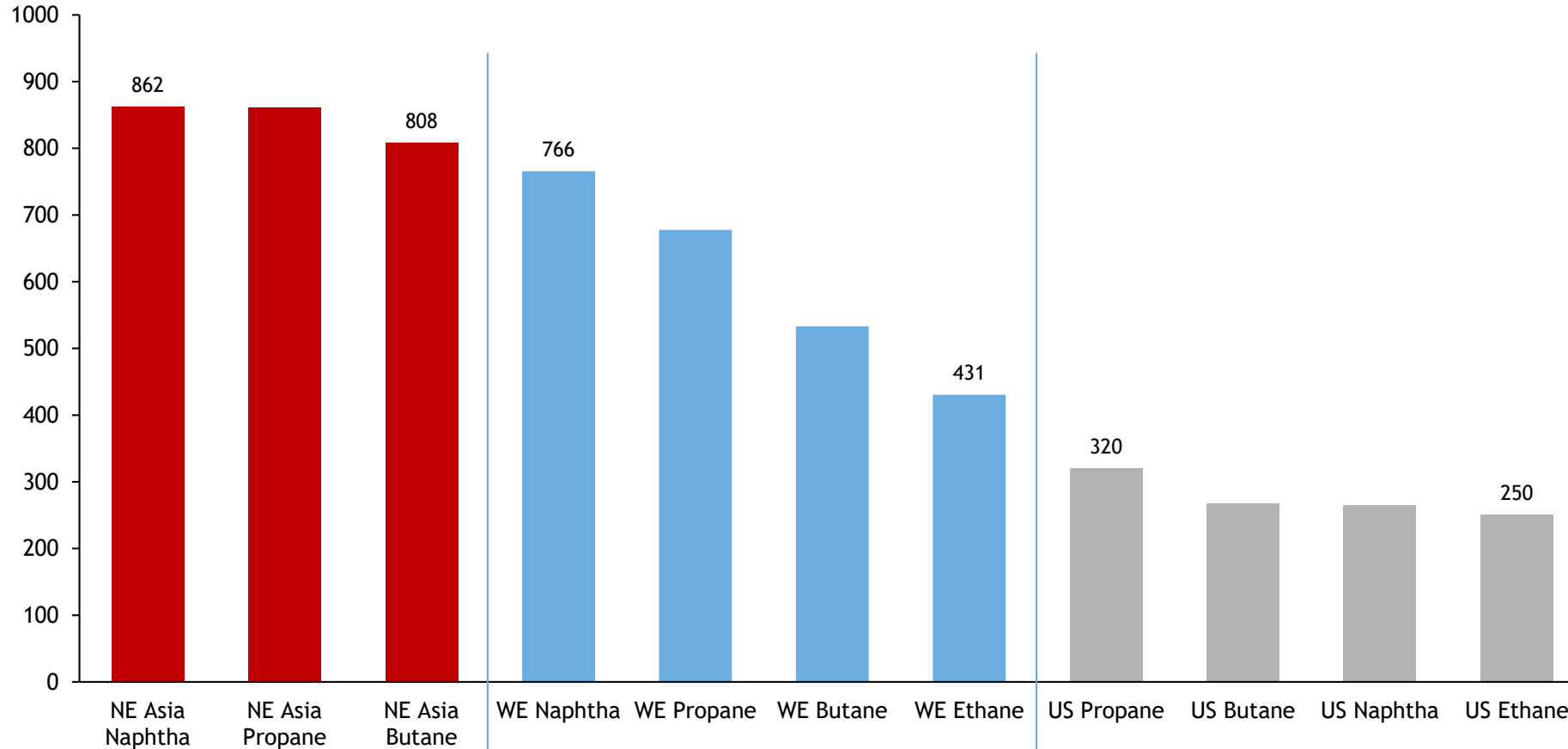
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- 
- China still remains in an overall low demand season. Covid-19 concerns regarding new variant cases as well as some new plants coming online in the future may cause prices to decline.

# Ethylene global cash costs and feedstock



# US ethane provides the highest margin in June

Global Ethylene Cash Cost, June 2021, \$/t



In June, US ethane was the cheapest feedstock, followed closely by naphtha.

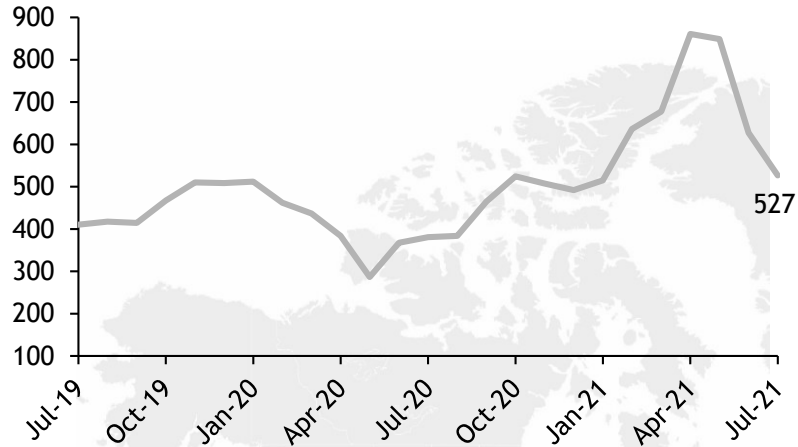
North East Asia naphtha was the least advantaged feedstock.

For the most updated Western Europe cash costs, please view [here](#).

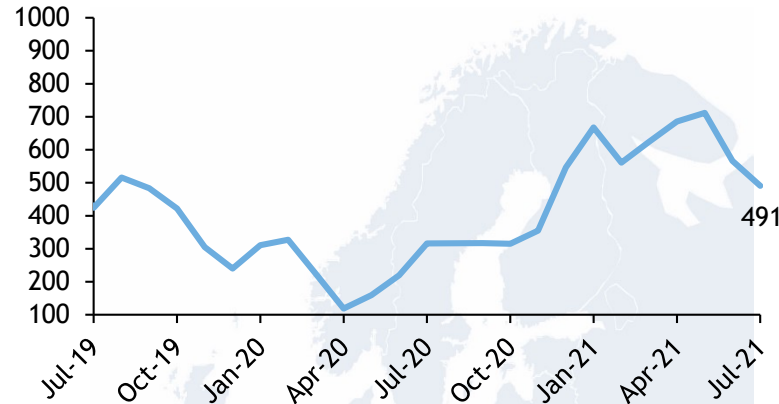
\*NE - Northeast Asia  
\*WE - Western Europe

# Global ethylene spreads

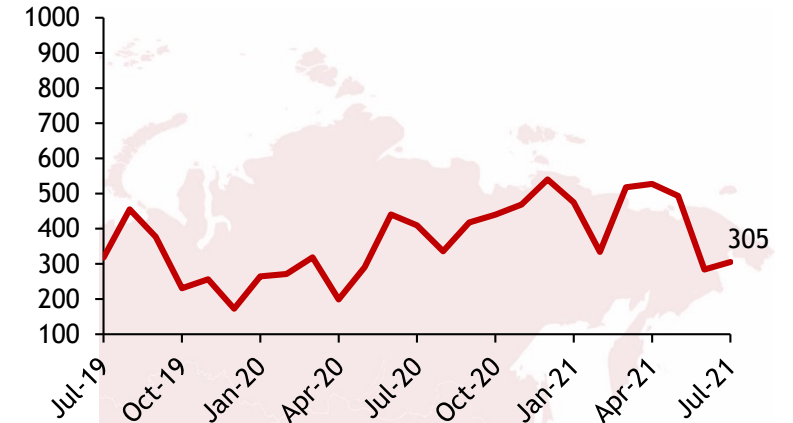
US ethylene spread to ethane \$/t



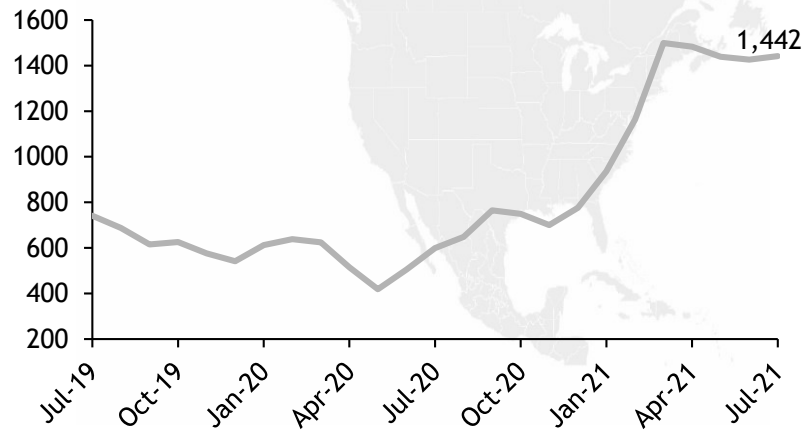
Europe ethylene(no discounts) spread to naphtha Rotterdam \$/t



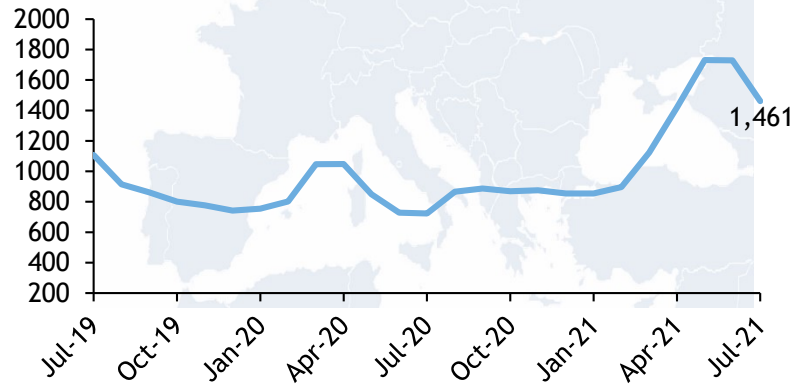
Northeast Asia ethylene spread to naphtha Japan \$/t



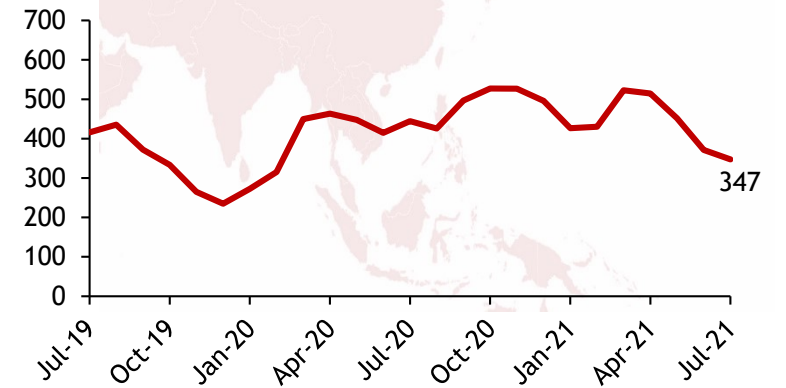
US HDPE BM spread to ethane \$/t



Western Europe HDPE BM spread to naphtha Rotterdam \$/t



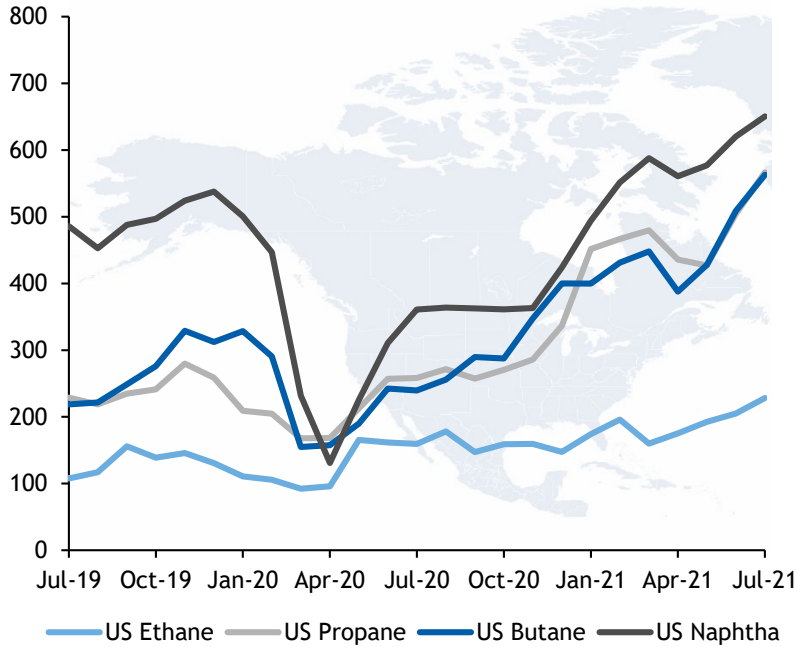
China HDPE IM to naphtha Japan \$/t



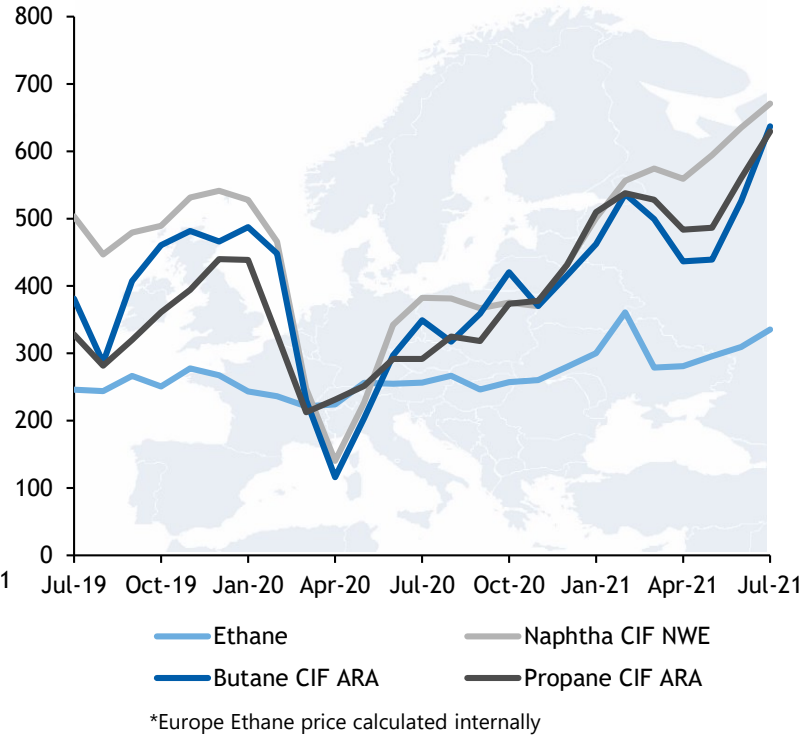


# Global ethylene feedstock prices

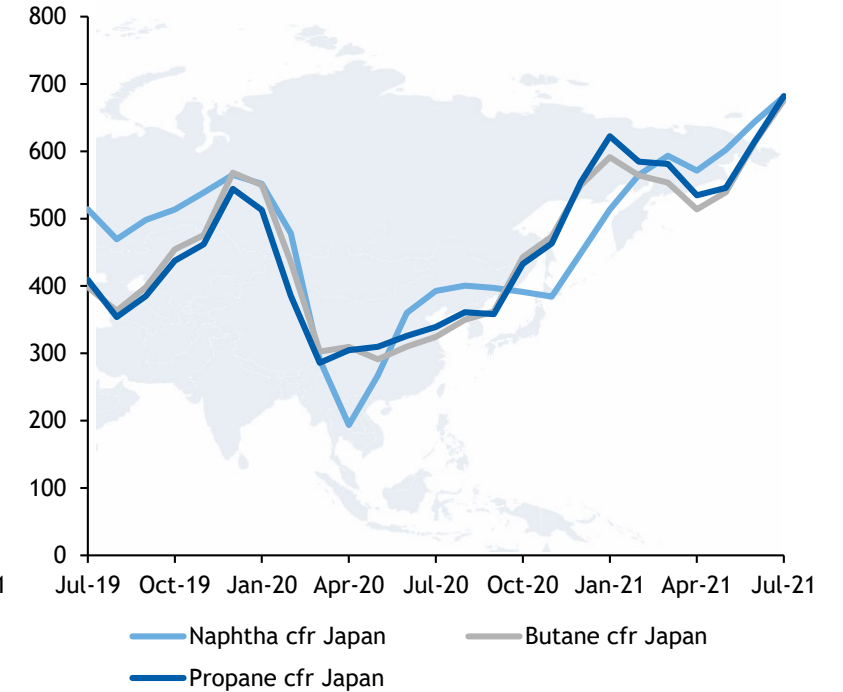
### US ethylene feedstocks



### Europe ethylene feedstocks



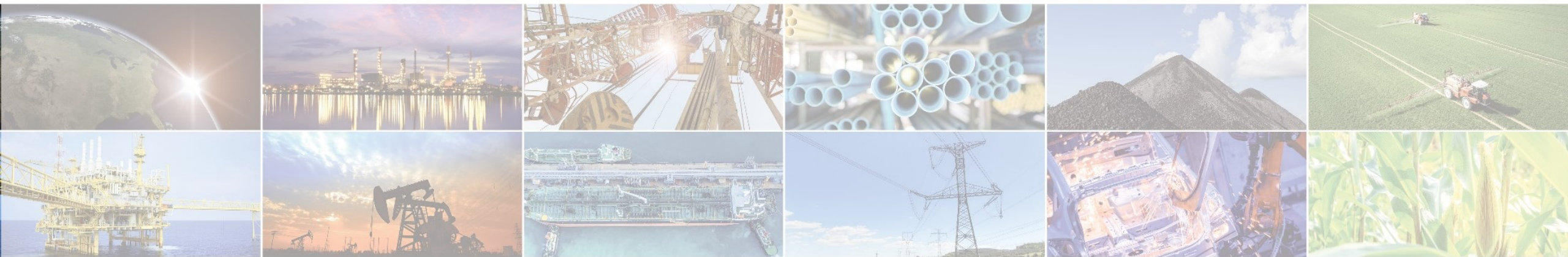
### Northeast Asia ethylene feedstocks



In Europe, Naphtha remains the highest-cost feedstock.

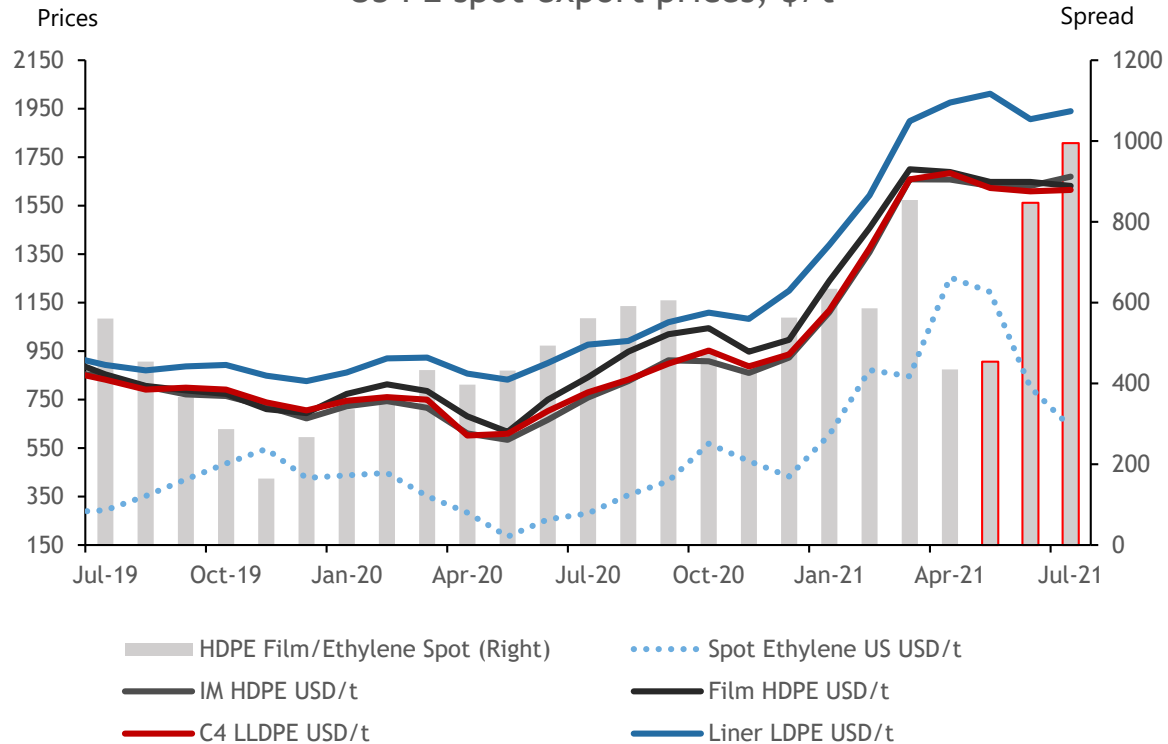


# Global PE prices



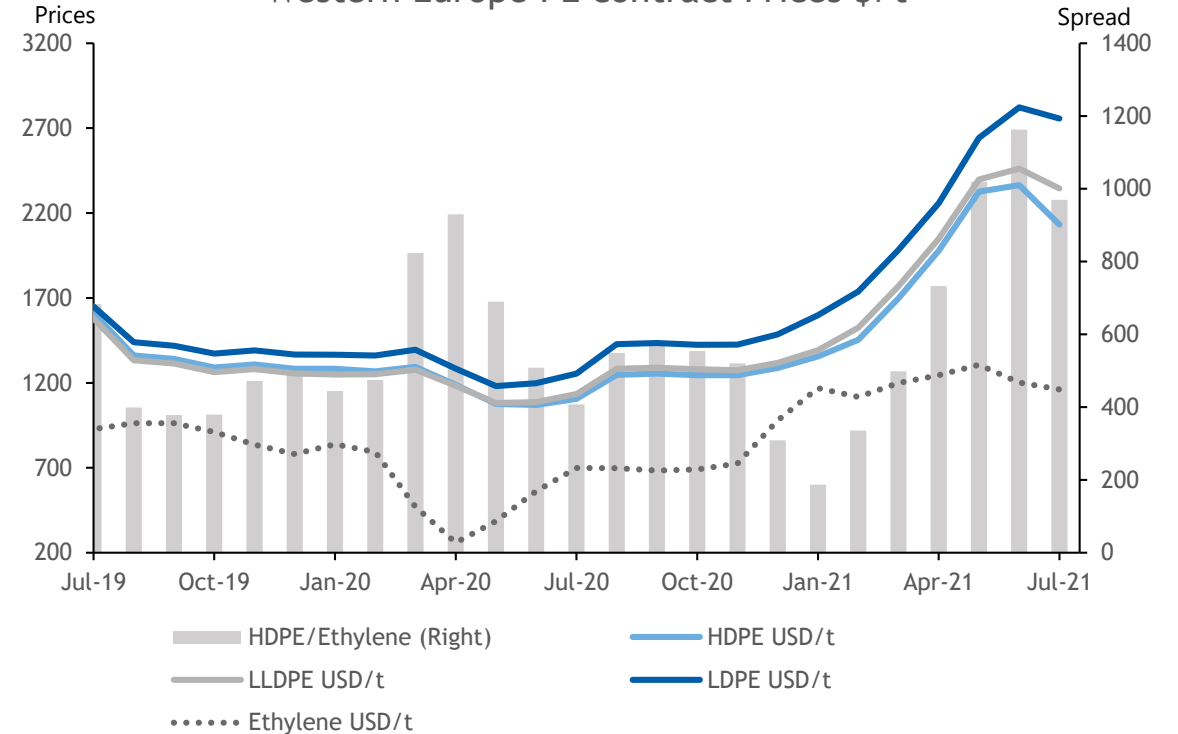
# US PE prices stabilize while European prices start to fall

## US PE spot export prices, \$/t



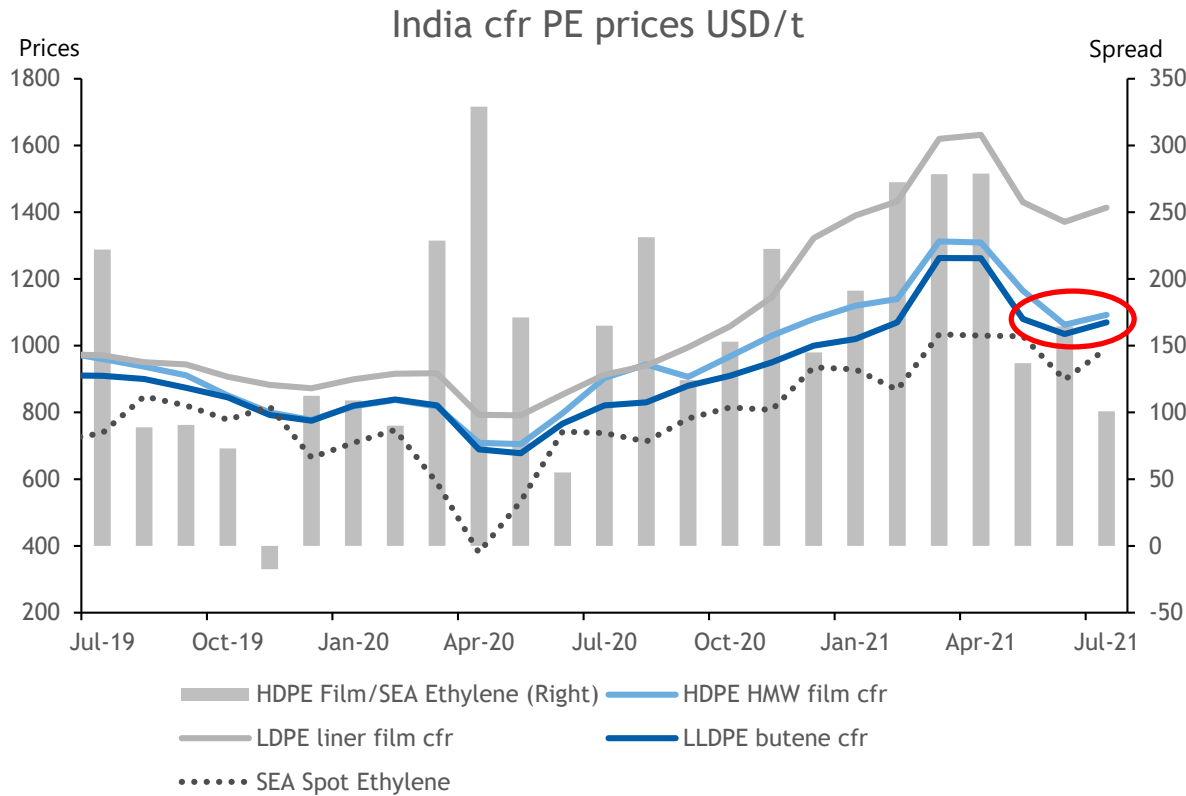
- US HDPE prices held steady due to tight supply caused by some storm-related outages.
- The spread between spot ethylene and HDPE is rising as spot ethylene prices ease.

## Western Europe PE contract Prices \$/t

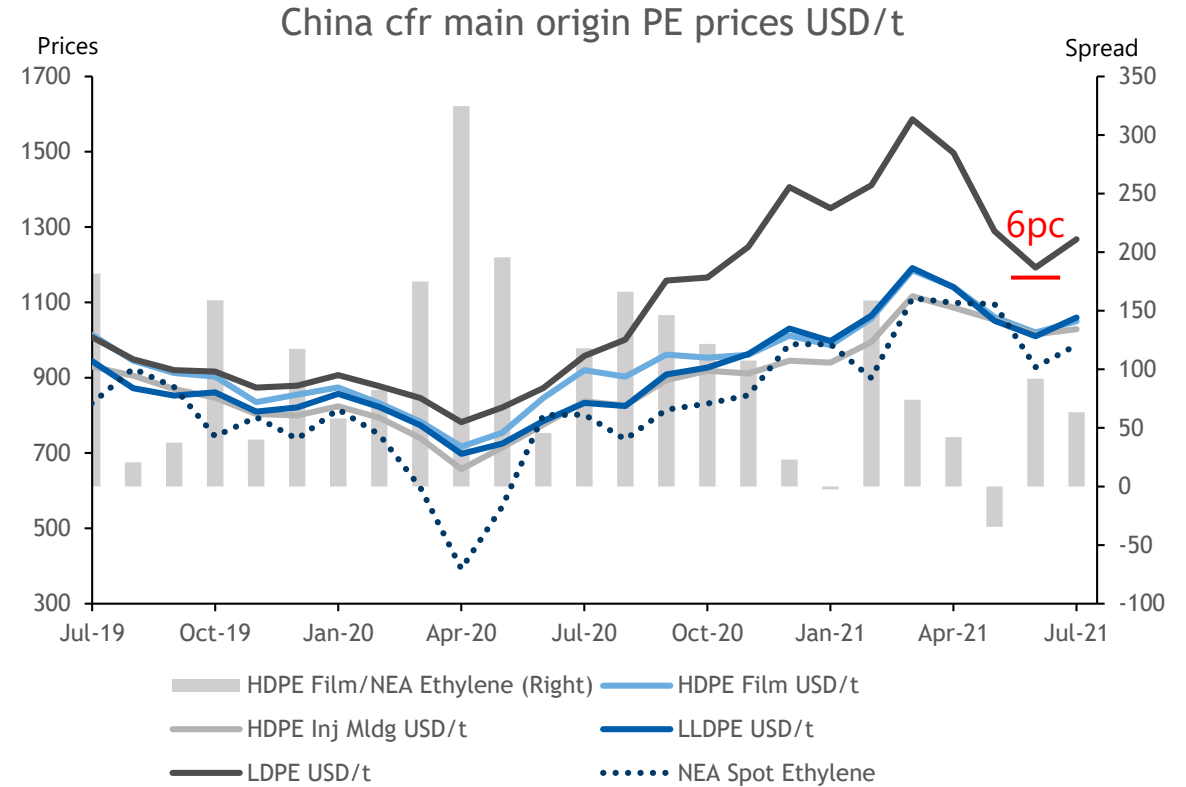


- Western European PE prices show signs of reversing, however market sentiment is still divided on whether demand will decrease or remain steady in the upcoming months.

# PE prices in India and China stabilize



- In July, India spot PE prices held steady. Although the presence of Covid-19 has muted some demand, buyers are still looking to restock as the government eases some Covid-19 related restrictions.



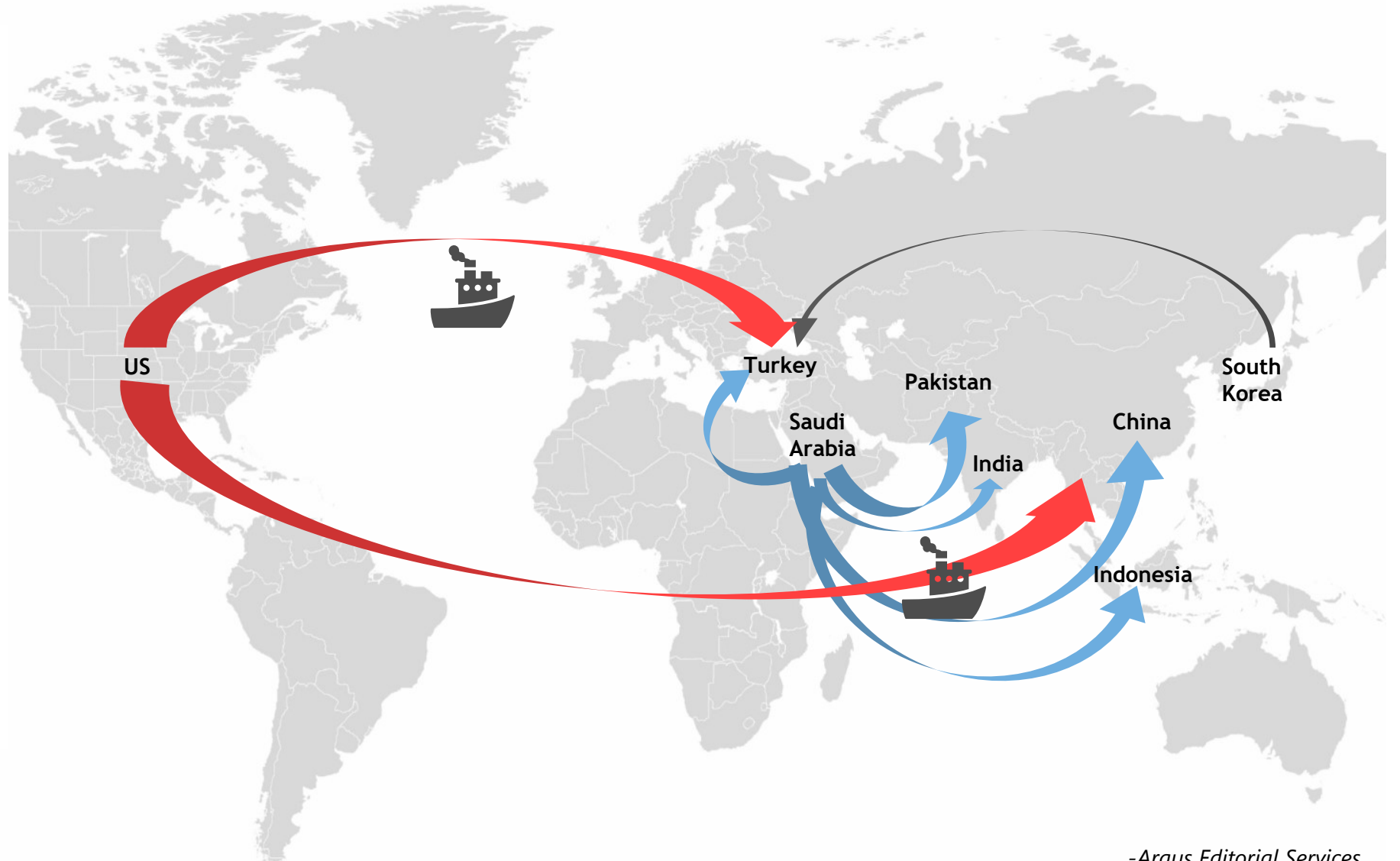
- China PE prices rose following a period of heavy plant maintenance in July.
- LDPE rose by 6pc from June due to a tight supply balance.



# Netbacks & netforwards for July

Netback/Netforward pricing, \$/t	
Saudi Arabia Origin (cfr equivalent)	
To China; HDPE Film	1049.75
To China; LLDPE Butene	1059.75
To Pakistan; HDPE Film	1083.50
To Pakistan; LLDPE Butene	1093.50
To India; HDPE Film	1068.50
To India; LLDPE Butene	1078.50
To Turkey; HDPE Film	1176.00
To Turkey; LLDPE Butene	1186.00
To Indonesia; HDPE Film	1083.50
To Indonesia; LLDPE Butene	1093.50
South Korea Origin (fob equivalent)	
To Turkey; HDPE Film	781.25
To Turkey; LLDPE Butene	772.50
US Origin (cfr equivalent)	
To Asia; HDPE Film	1811.00
To Asia; LLDPE Butene	1794.50
To Turkey; HDPE Film	1773.50
To Turkey; LLDPE Butene	1757.00

\*All prices calculated internally

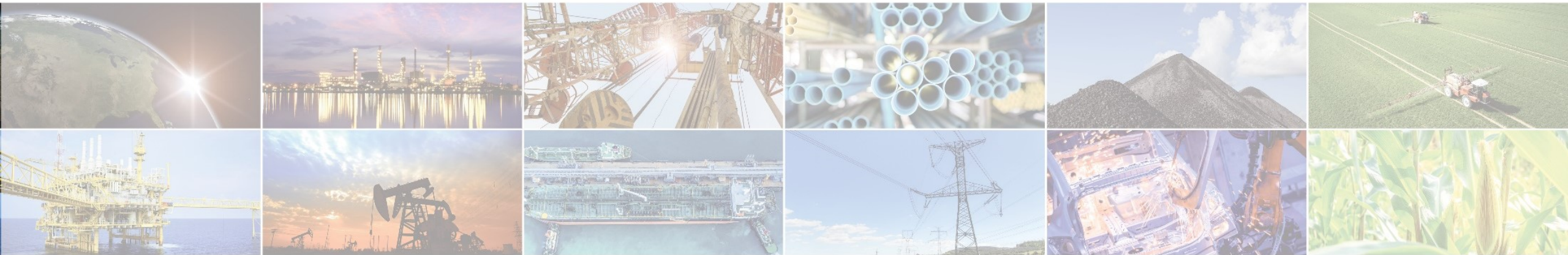


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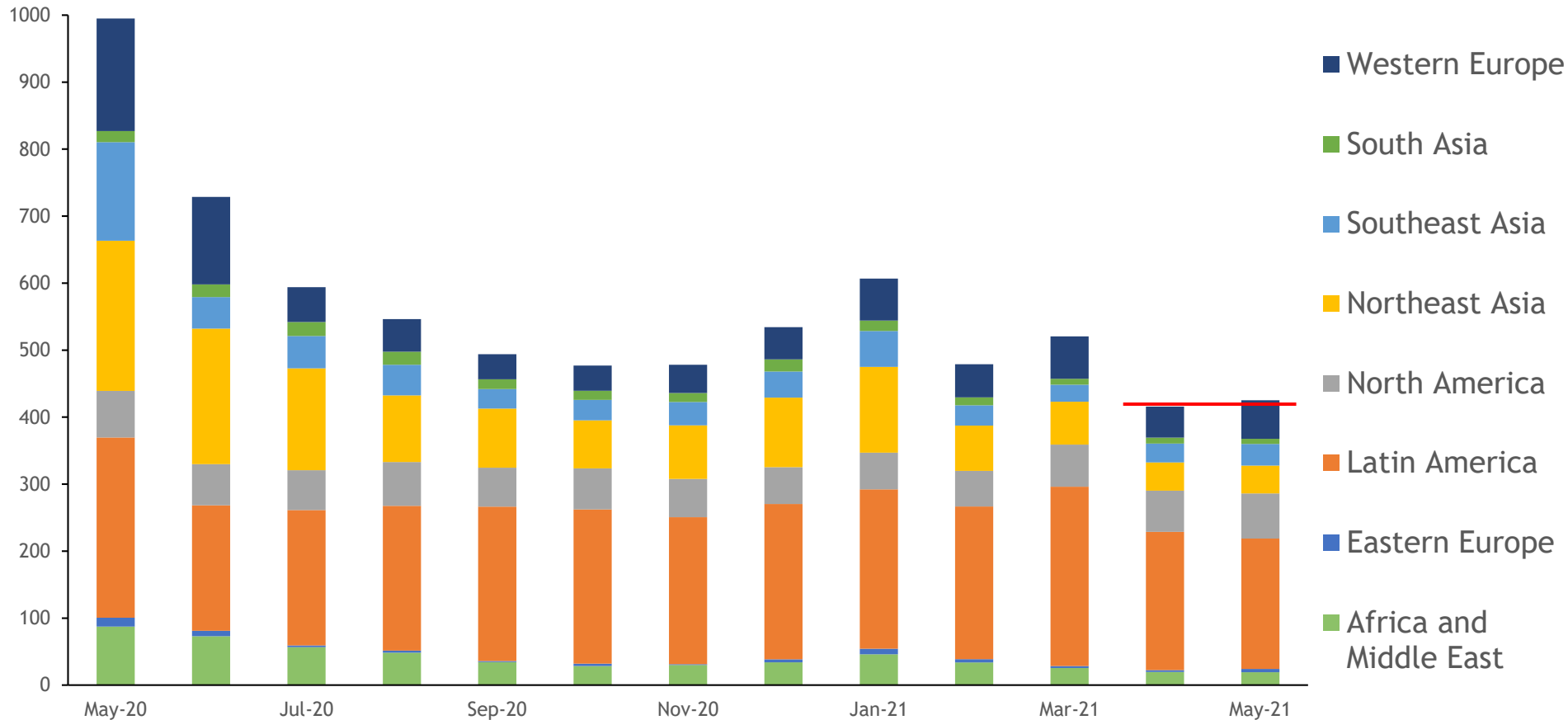
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# PE trade data



# Strong US domestic demand limits US exports

US PE exports by region, -000t



US PE exports held fairly steady in May.

Domestic demand is strong, and supplies are still tight as the market continues to face production hiccups.

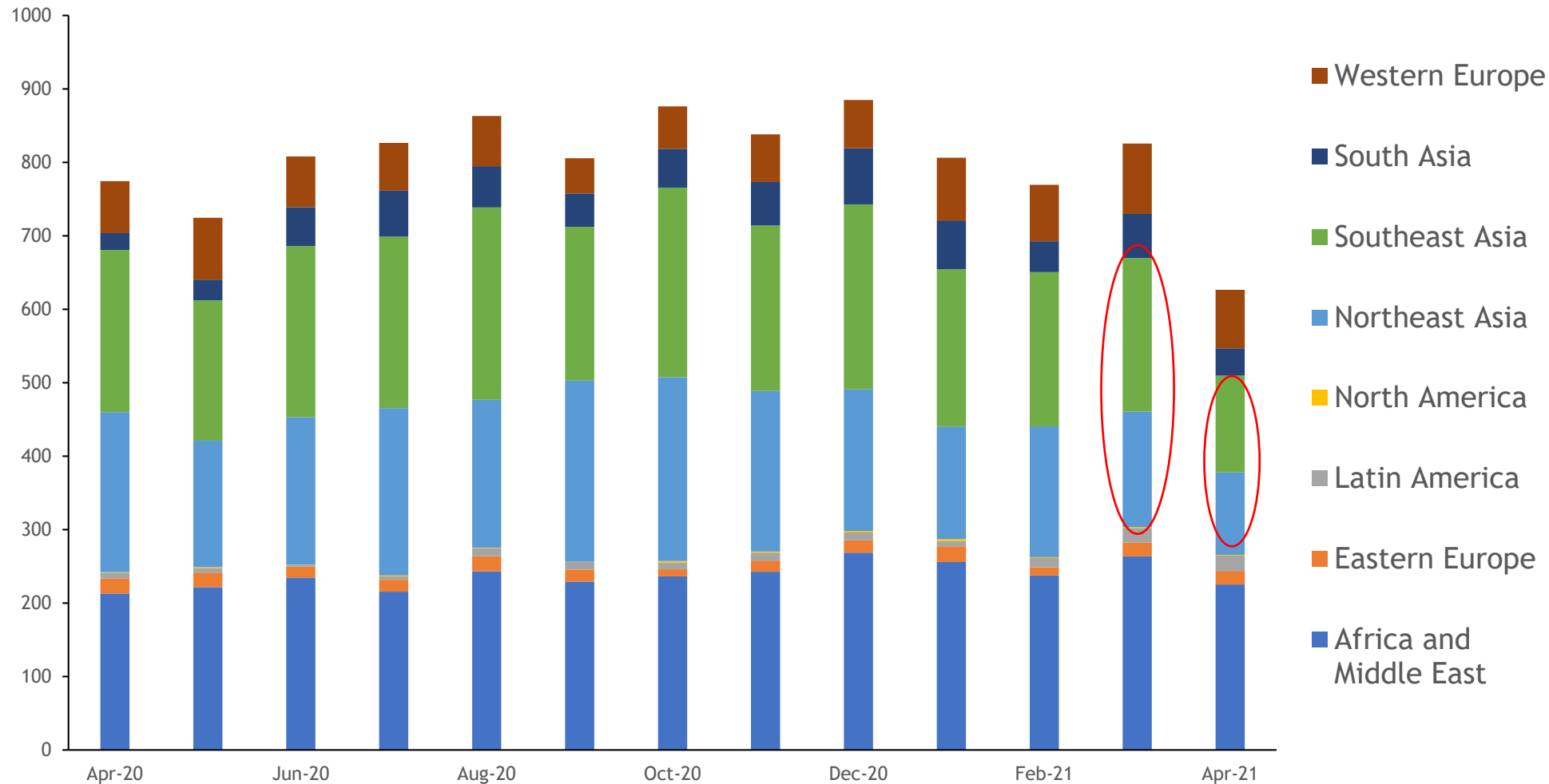
Note: Last two months of trade is incomplete due to the timing of government statistics releases

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# Saudi Arabia exports to Asia decline

Saudi Arabia PE exports by region, -000t



Saudi Arabia exports declined to Southeast and Northeast Asia as new Asian capacity limited demand for imports.

Note: Last three months of trade is incomplete due to the timing of government statistics releases



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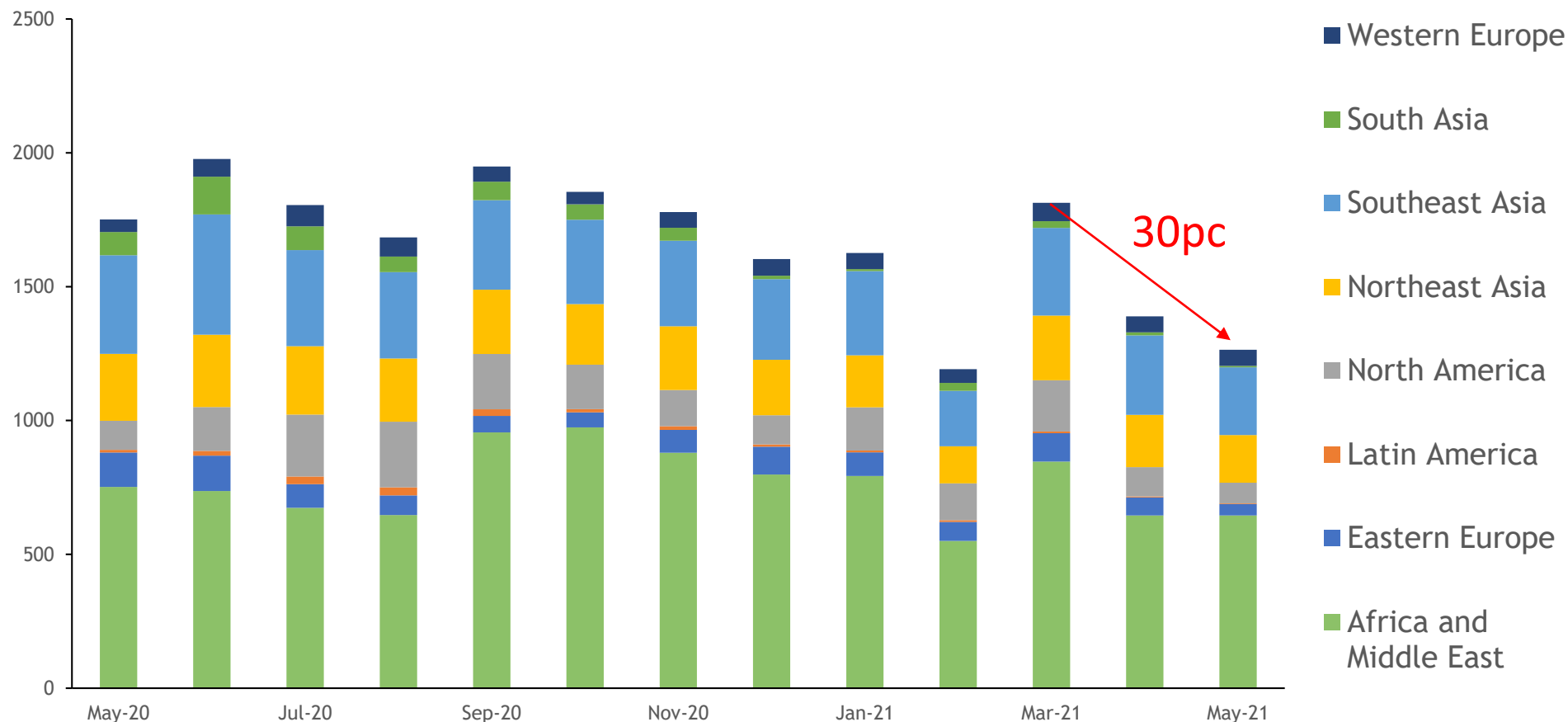
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# China PE imports drop amidst lower domestic prices

China PE imports by region, -000t



China's imports declined by 30pc from March to June.

Lukewarm demand and lower domestic prices are believed to have influenced overall imports for China.

Note: Last two months of trade is incomplete due to the timing of government statistics releases

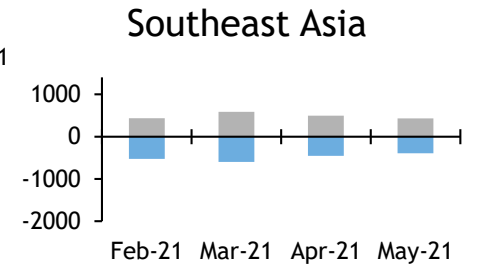
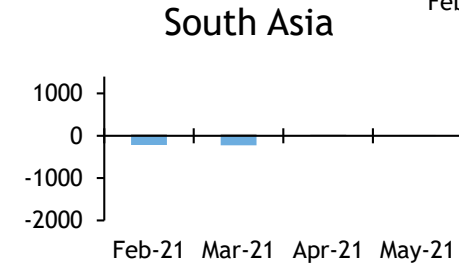
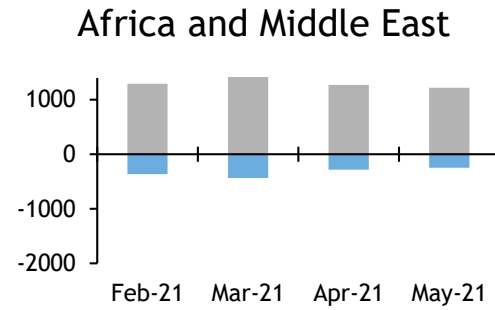
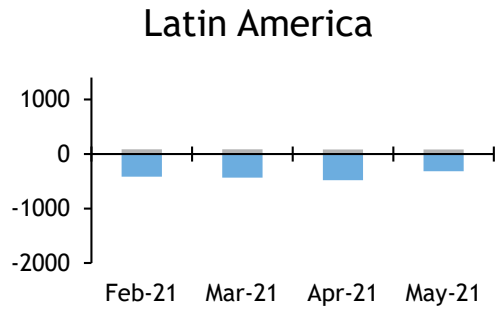
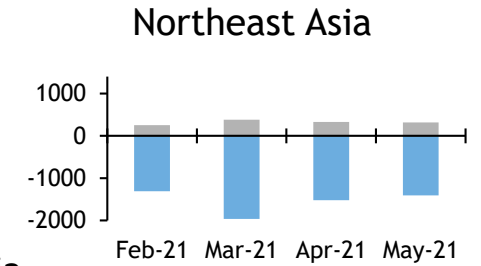
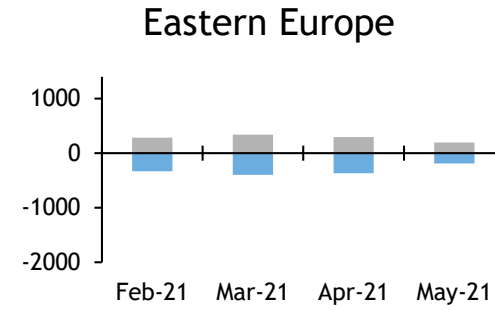
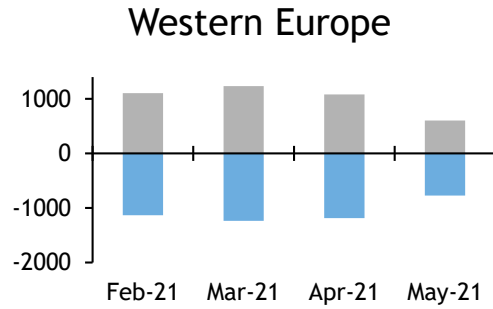
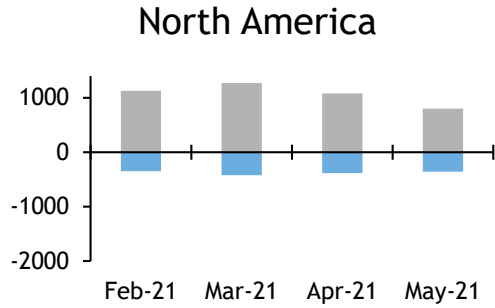
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# Regional trade PE

+ exports  
- imports



Note: Last two months of trade is incomplete due to the timing of government statistics releases



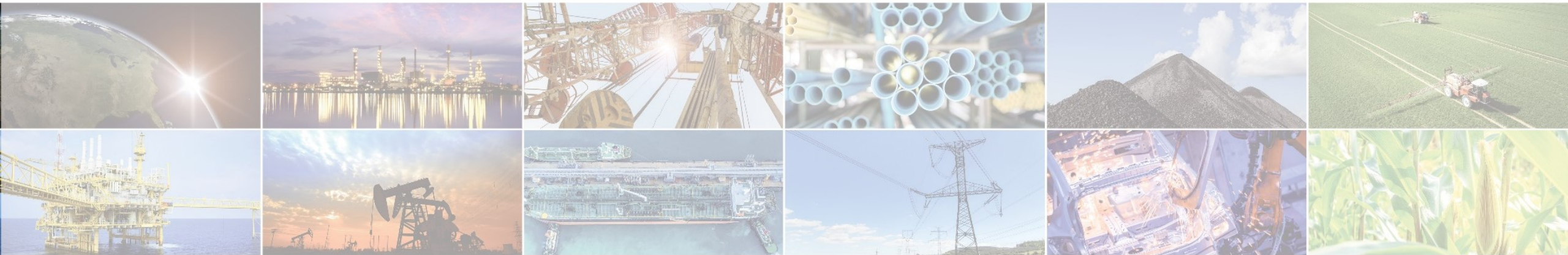
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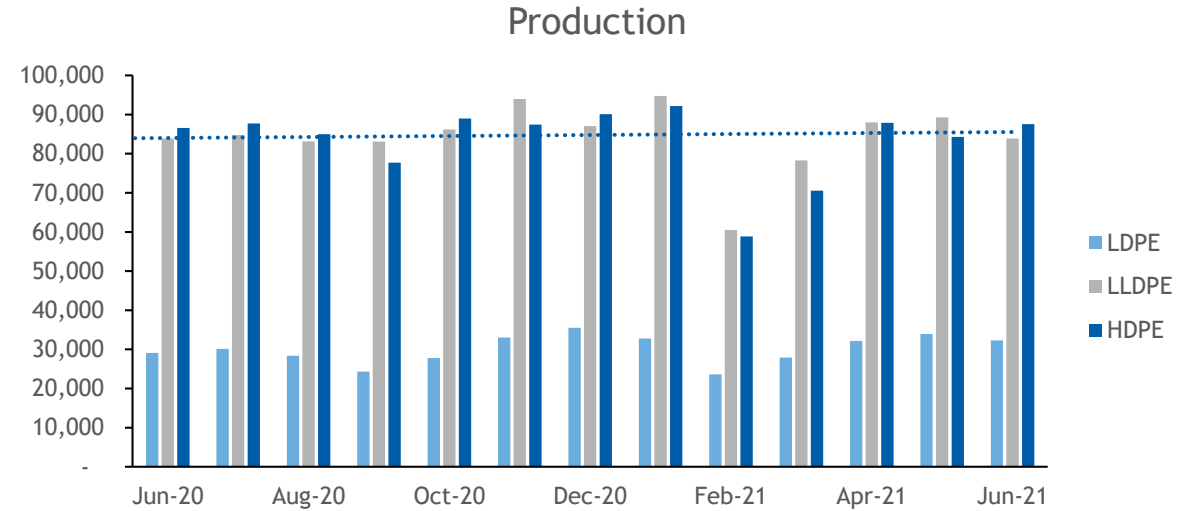
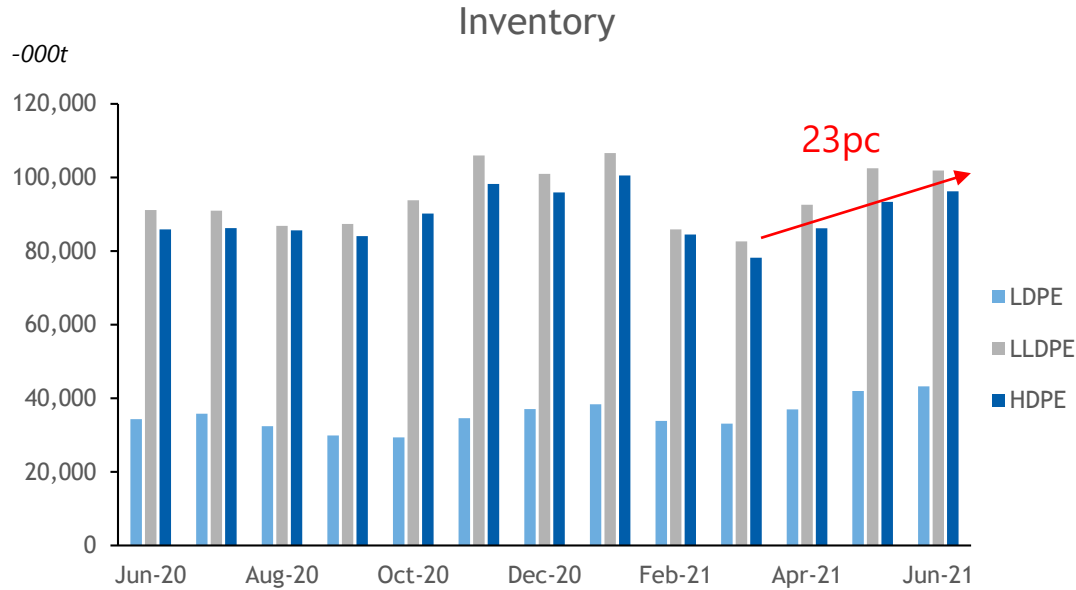
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# PE inventory, production, & demand

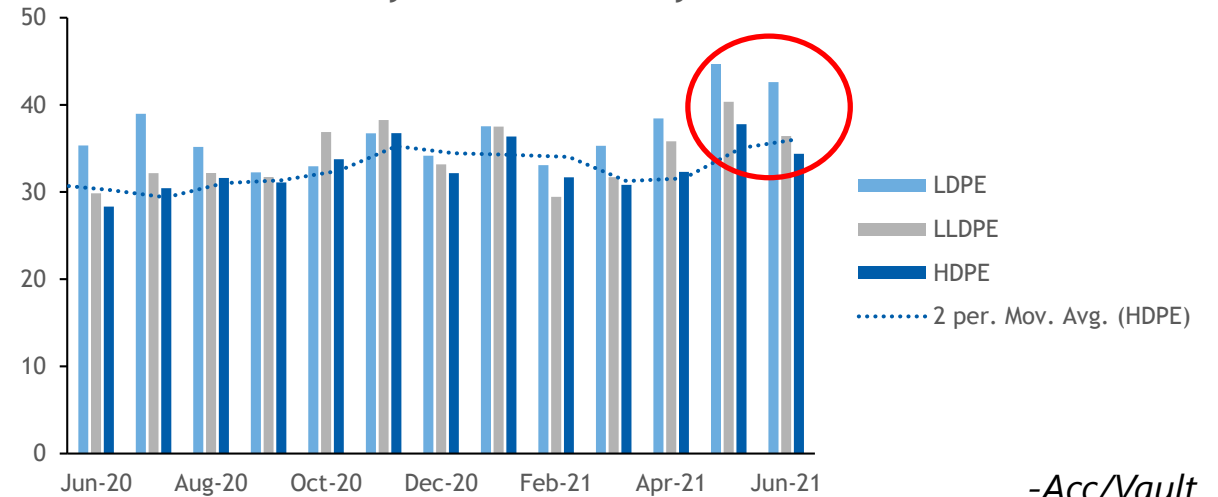


# US & Canada PE inventory continues steady rise



- Inventory has steadily risen since the lows of March. HDPE inventory grew 23pc from March to June.
- Days of total demand in June held close to the yearly highs seen in May.

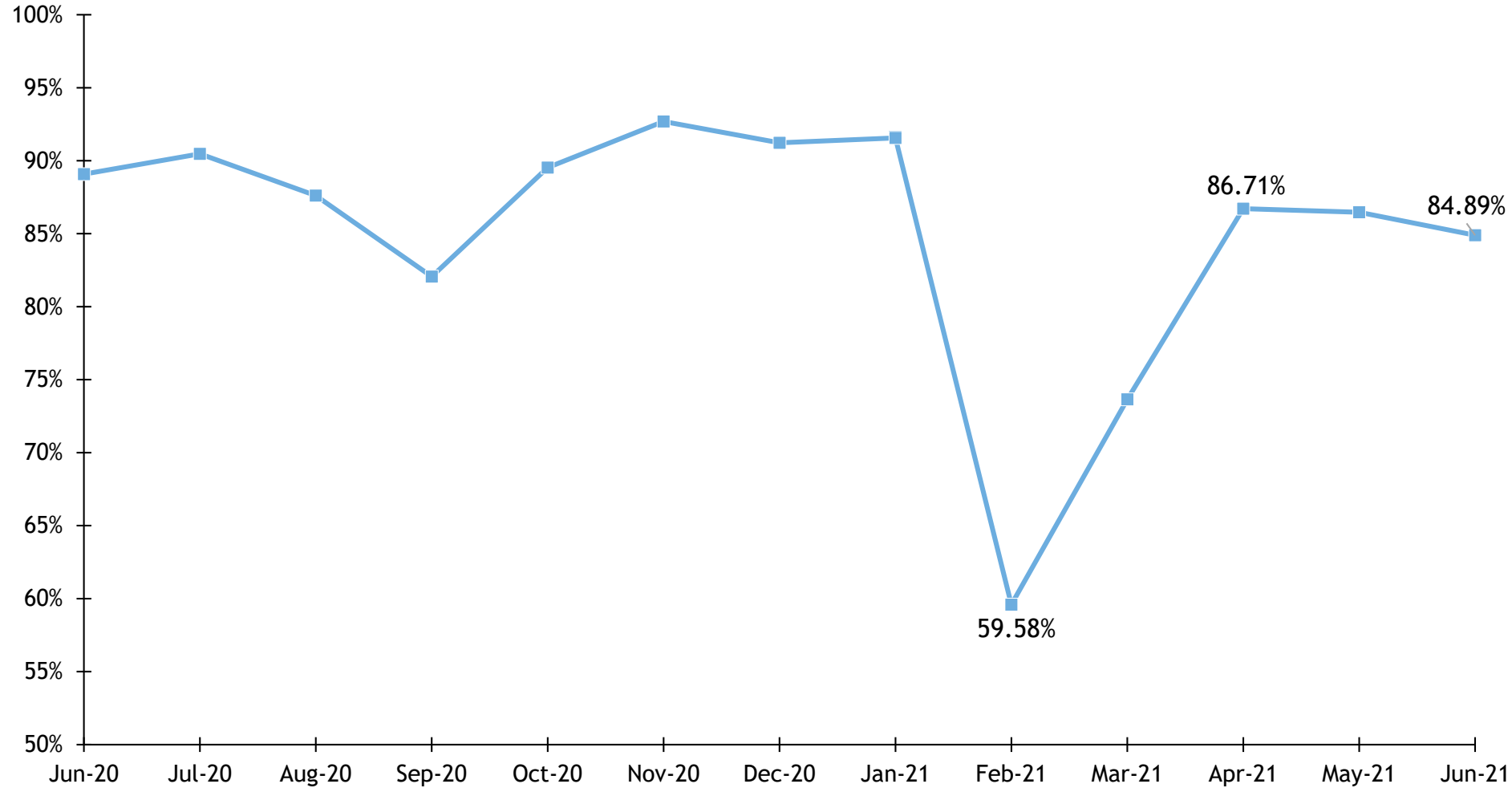
Inventory measured in days of total demand units





# US operating rates nearly back to pre-storm levels

US & Canada PE operating rates



Operating rates have almost returned to pre-winter storm rates.

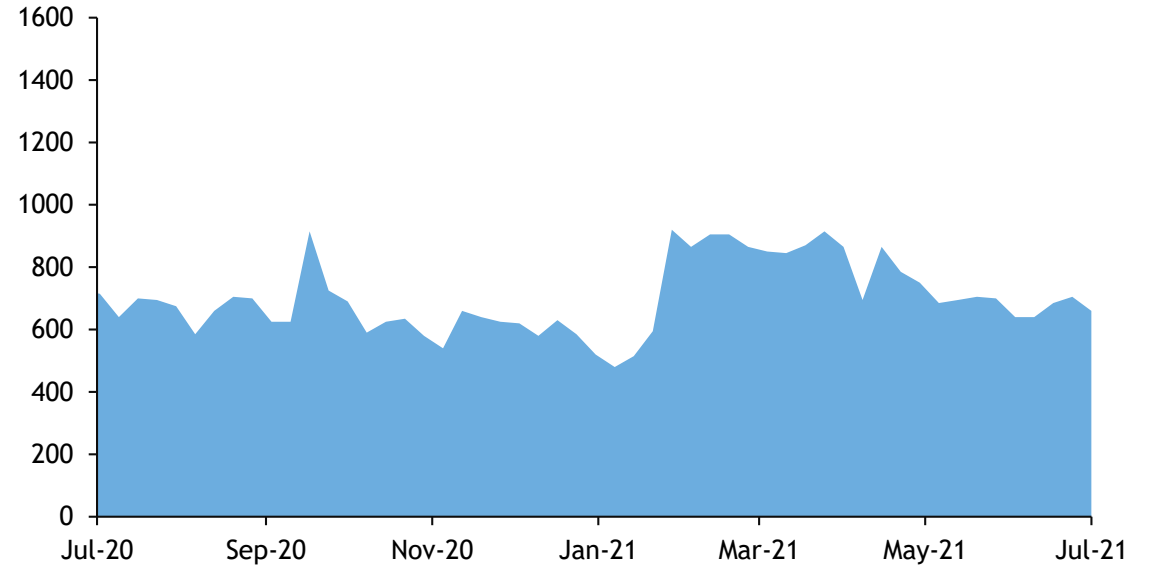
Rates in June fell slightly from the previous month.

# Global inventory and capacity

## Western Europe supply

- Floods have impacted some portions of Western Europe creating logistics issues that have hindered production and supply.
- Uncertainty remains in the market as buyers are expecting prices to ease, while sellers are expecting prices to hold steady due to tight supply and higher feedstock costs.

## China PE/PP inventory, kt



In July, China's inventory remained relatively steady in comparison to June despite some unplanned plant outages.

# Argus and industry upcoming events

Event/Location	Date
<a href="#">Argus Methanol Forum</a> (Houston, Texas, US)	September 14 - 15, 2021
<a href="#">55<sup>th</sup> Annual EPCA</a> (Virtual)	October 5 - 7, 2021
<a href="#">AFPM International Petrochemical Conference</a> (San Antonio, Texas, US)	October 17 - 19
<a href="#">Argus Petrochemicals 2021 CIS and Global Markets</a> (Moscow/Virtual)	November 18, 2021
<a href="#">ArabPlast International Trade Show</a> (DWTC, Dubai, UAE)	November 15 - 18, 2021
<a href="#">15<sup>th</sup> Annual GPCA Forum</a> (Dubai, UAE)	December 7 - 9, 2021
<a href="#">Plastex Egypt International Exhibition Center</a> (Cairo, Egypt)	January 9 - 12, 2022
<a href="#">Chinaplas Plastics and Rubber Trade Fair 2022</a> (Shanghai, China)	April 25 - 28, 2022

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