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# Argus Global Polypropylene Monthly Supplement

July 2021



Market Reporting

Consulting

Events

illuminating the markets

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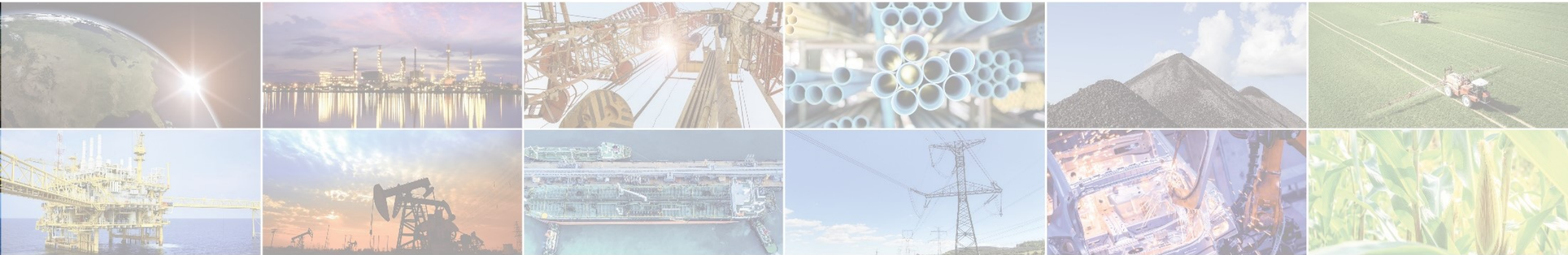
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# Agenda

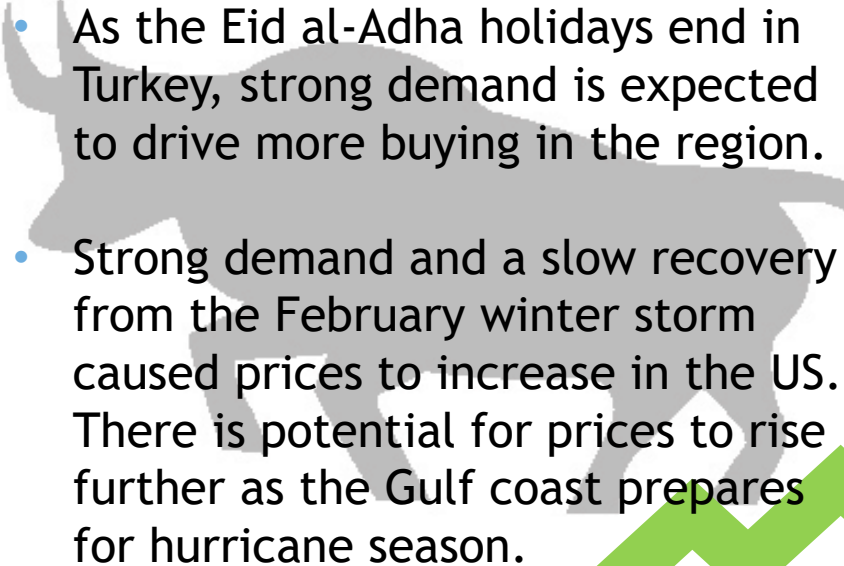
- Market sentiment
- Global propylene feedstock
- Global polypropylene prices
- PP trade data
- PP inventory, production, & demand

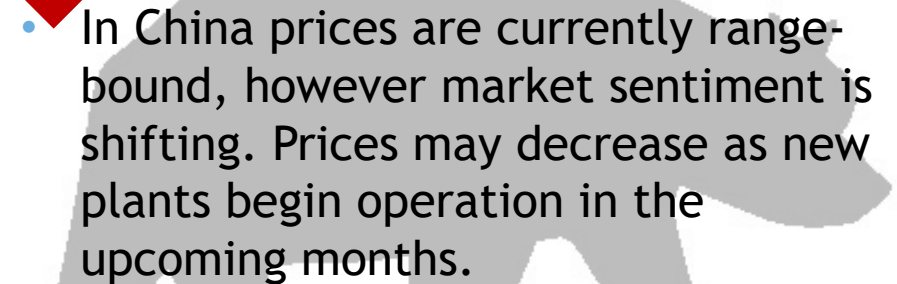
# Global market sentiment



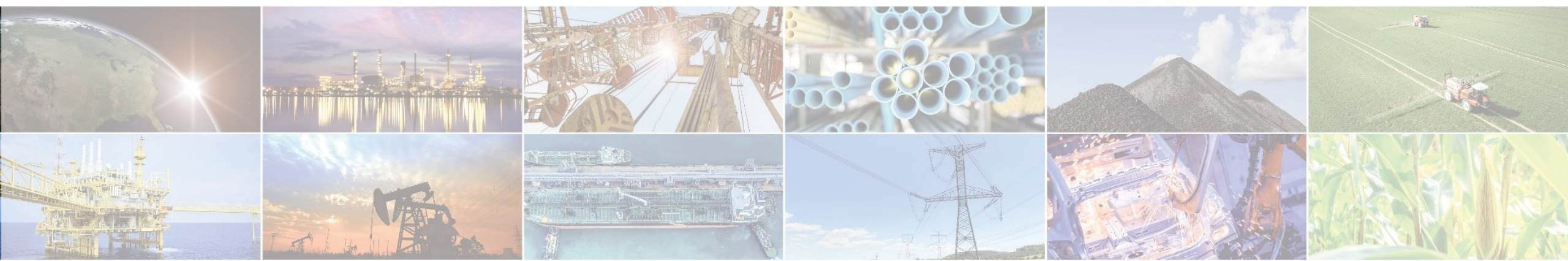


# Global market sentiment shifting

- 
- As the Eid al-Adha holidays end in Turkey, strong demand is expected to drive more buying in the region.
  - Strong demand and a slow recovery from the February winter storm caused prices to increase in the US. There is potential for prices to rise further as the Gulf coast prepares for hurricane season.

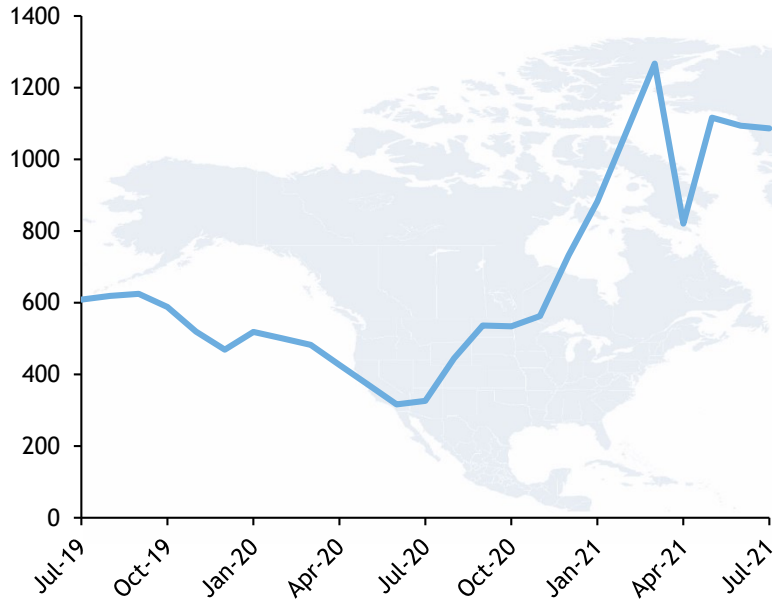
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- In China prices are currently range-bound, however market sentiment is shifting. Prices may decrease as new plants begin operation in the upcoming months.

# Global propylene feedstock

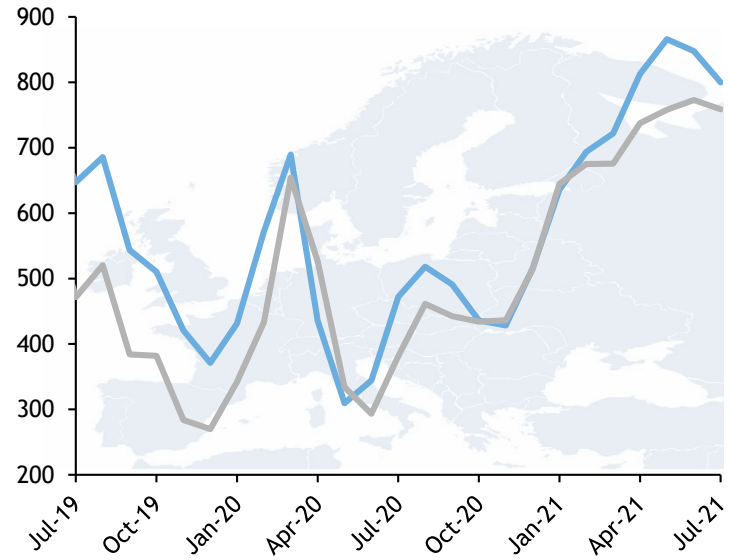


# Global propylene spreads

### US propylene spread to propane \$/t

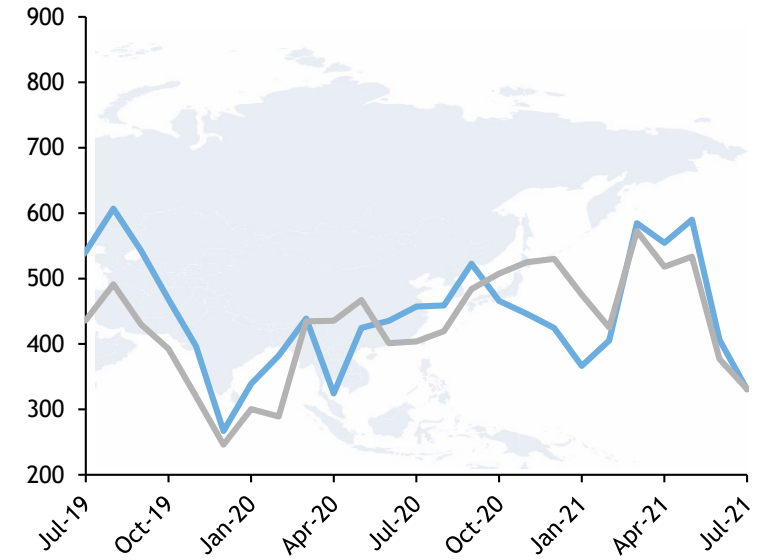


### Europe propylene spread to naphtha/propane \$/t



— Propylene to Propane ARA  
 — Propylene to Naphtha Rotterdam

### Northeast Asia propylene spread to naphtha/propane \$/t



— NEA Propylene to Propane cfr Japan  
 — NEA Propylene to Naphtha Japan

Since May, spreads between Northeast Asia propylene and propane/naphtha Japan have continued to drop.



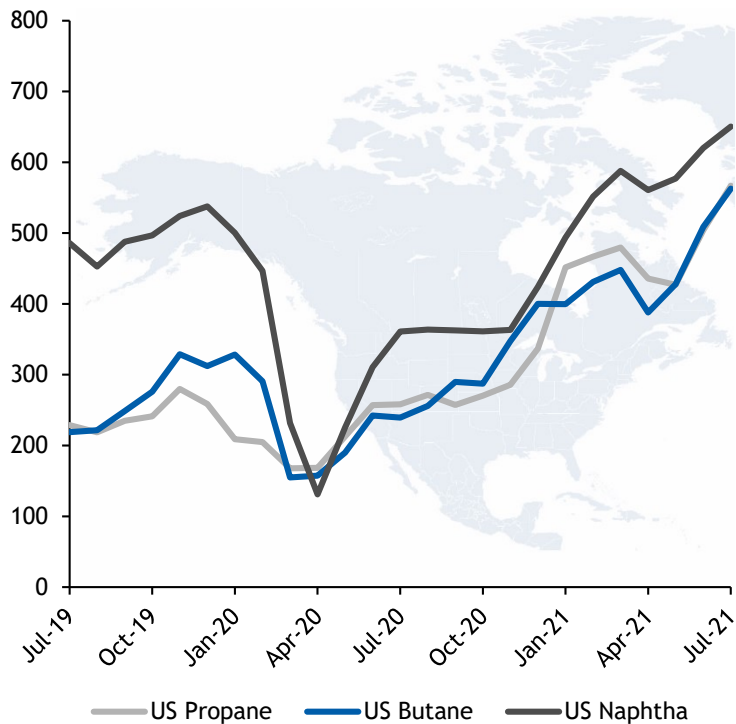
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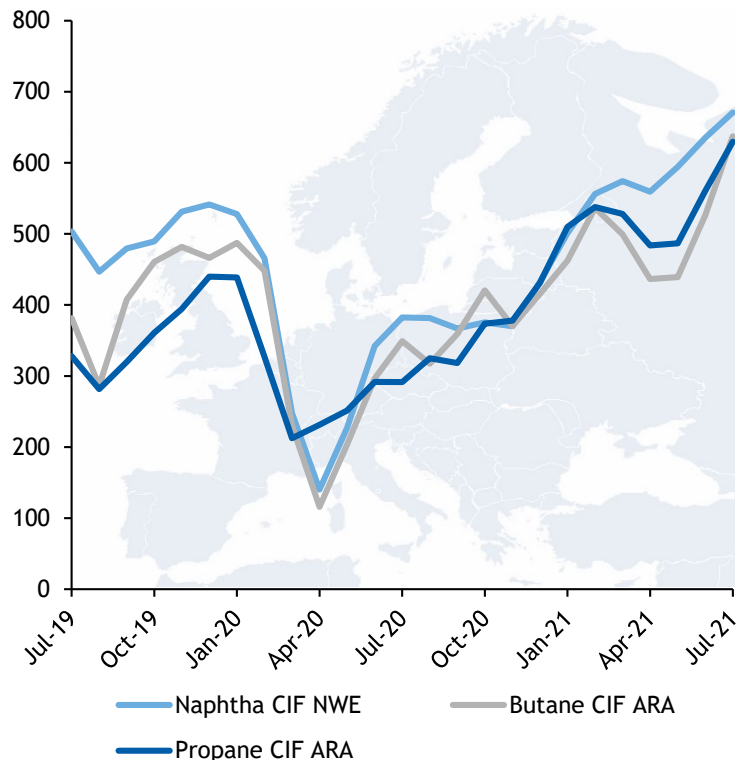
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# Global propylene feedstock prices

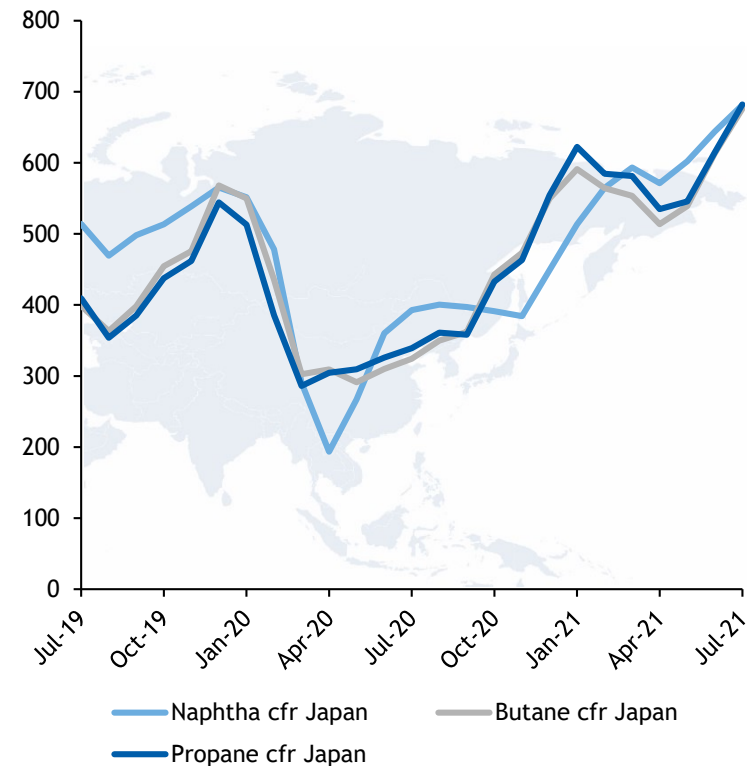
### US propylene feedstocks



### Europe propylene feedstocks



### Northeast Asia propylene feedstocks



Propylene feedstock prices have continued to increase globally, and are now at a two-year high.



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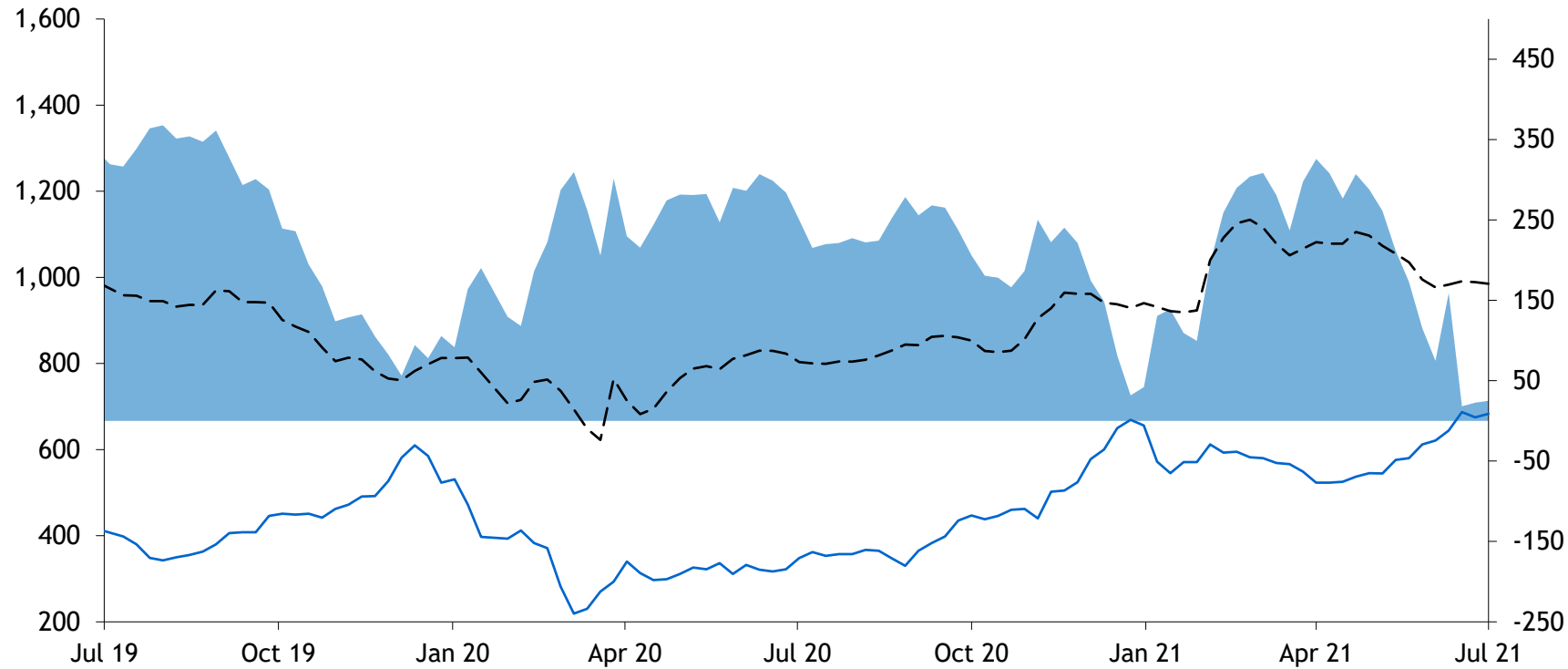
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# China PDH cash margins shrink

China's PDH cash margin, based on spot propane cfr Japan



In July, China's cash margins have fallen since reaching a high in May.

■ PDH Cash Margin - on US propane, \$/t C3 (right) — Propane CFR Japan (left) - - - Propylene east China on import parity (left)

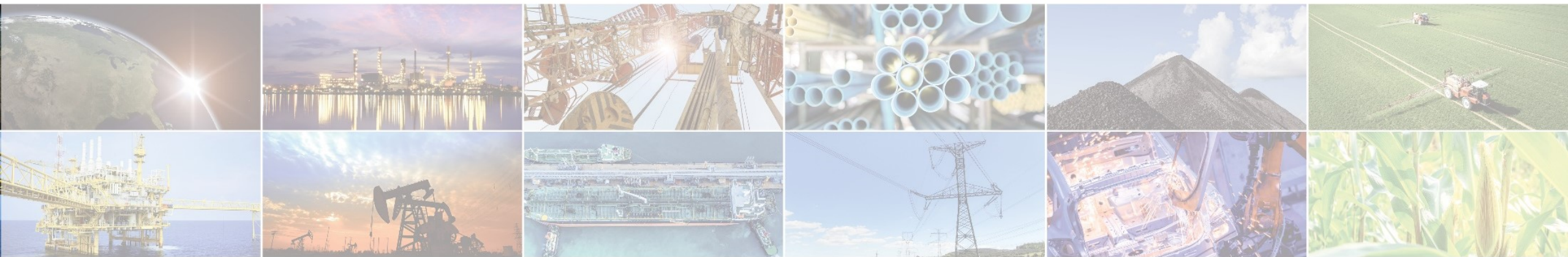


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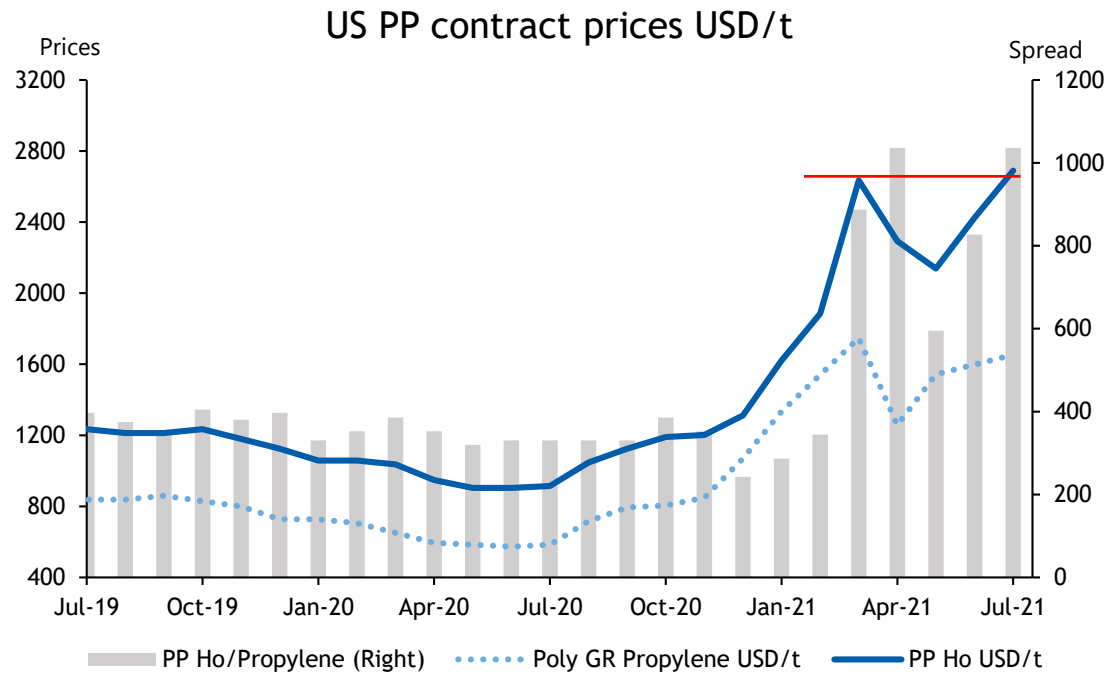
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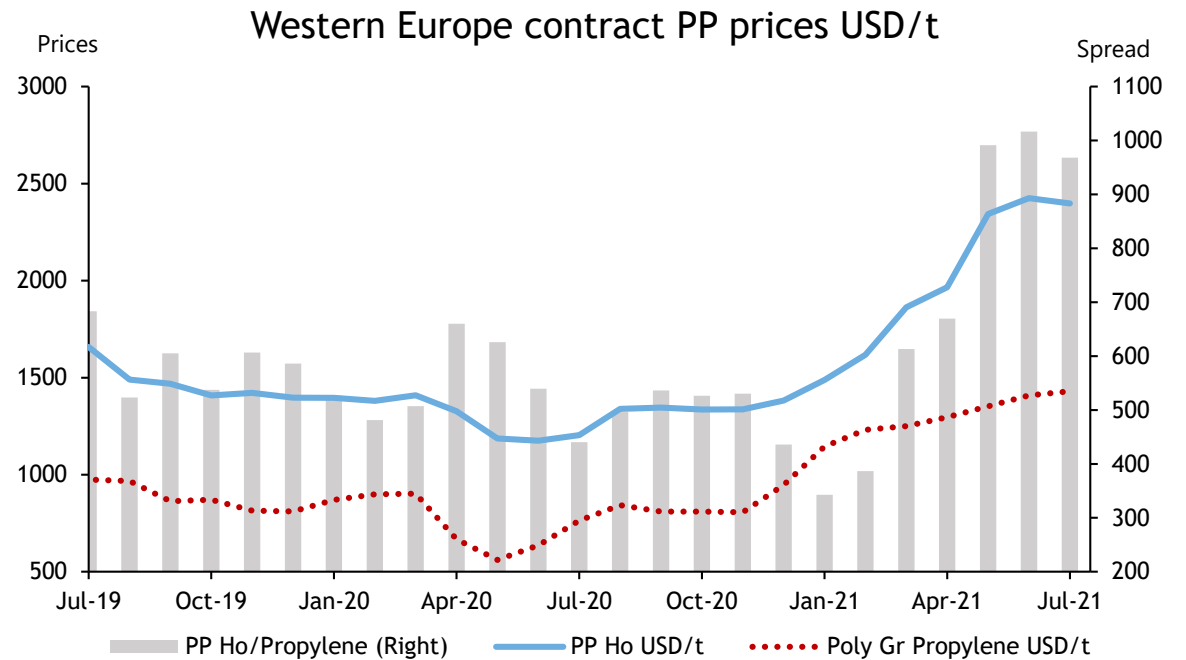
# Global polypropylene prices



# Western Europe PP prices begin to stabilize

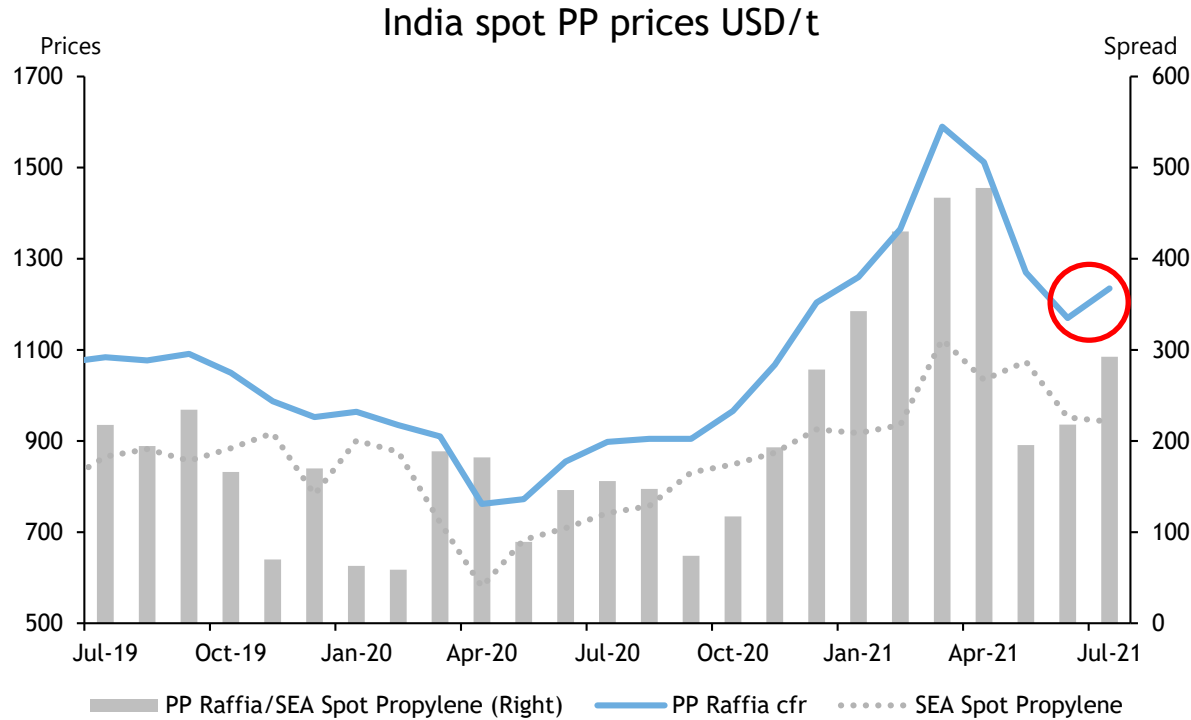


- Tight supply and strong demand have caused US PP prices to surpass levels seen in March.
- Louisiana and Texas were hit by storms causing some further supply shortages in mid July.

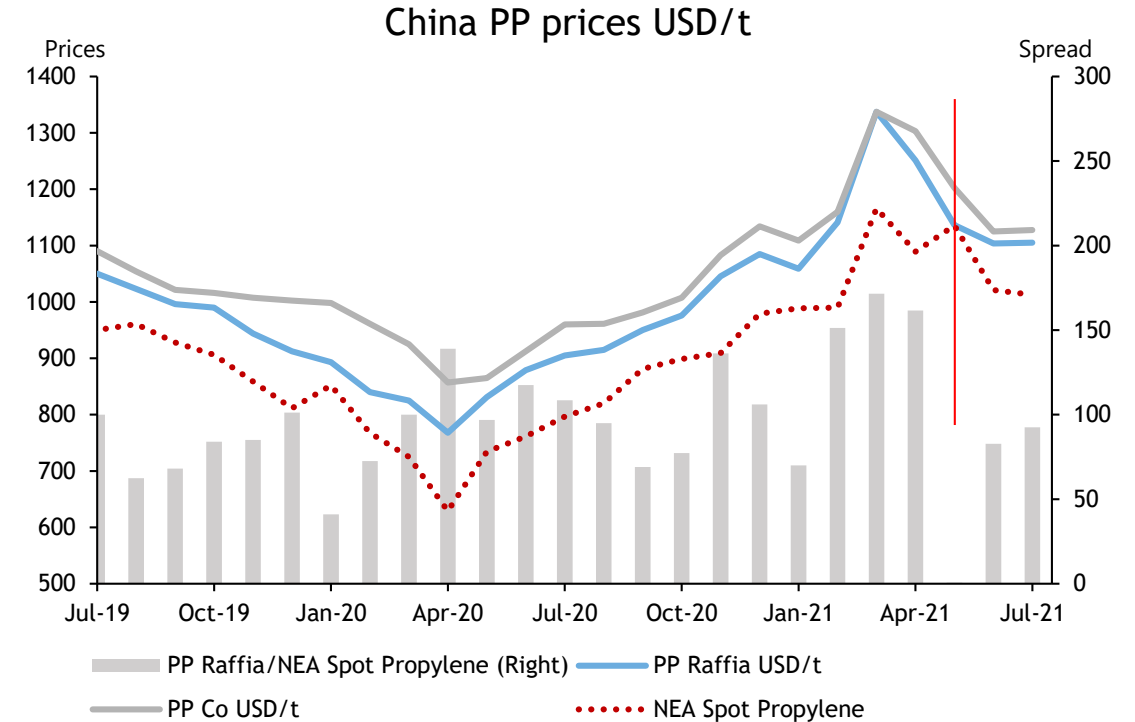


- Western Europe PP prices remained steady going into July.
- Although market supply is still tight, limited supplies were offset by lower-priced imports which allowed the market to remain balanced.

# India PP prices starting to rebound



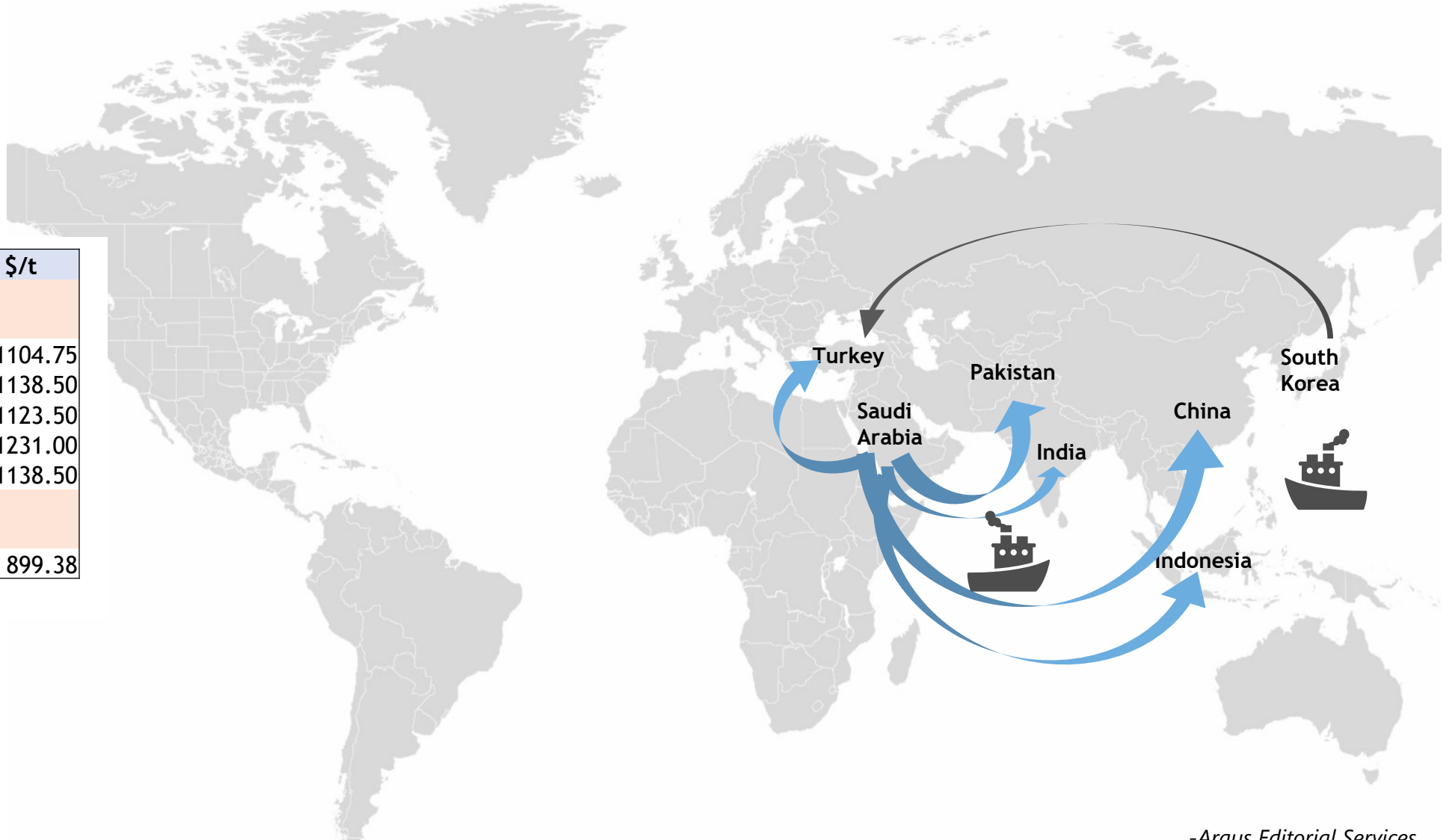
- India PP prices have begun to rebound, rising by 5pc from June.
- As buyers have been looking to restock, demand has increased, allowing prices to rise slightly.



- Muted demand during the current lull season and more plant shutdowns have caused prices to stabilize over the past three months.



# Netbacks & netforwards July



Netback/Netforward pricing, \$/t	
Saudi Arabia Origin (cfr equivalent)	
To China; PP Raffia	1104.75
To Pakistan; PP Raffia	1138.50
To India; PP Raffia	1123.50
To Turkey; PP Raffia	1231.00
To Indonesia; PP Raffia	1138.50
South Korea Origin (fob equivalent)	
To Turkey; PP Raffia	899.38

\*All prices calculated internally

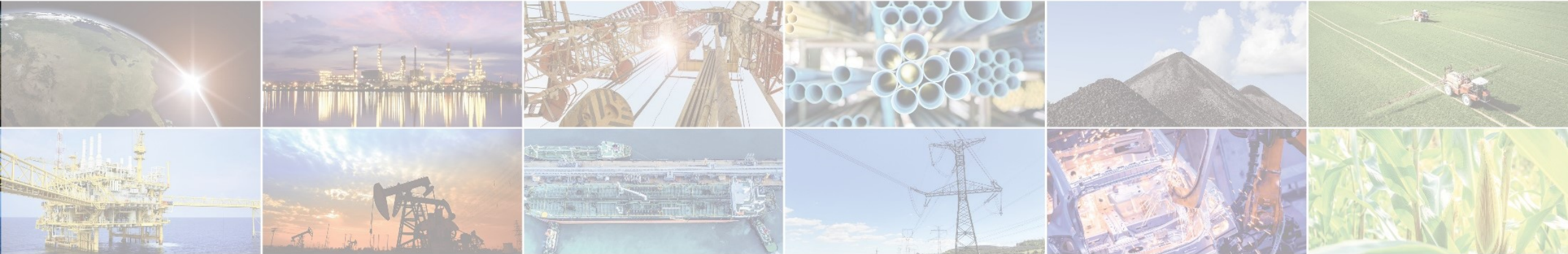


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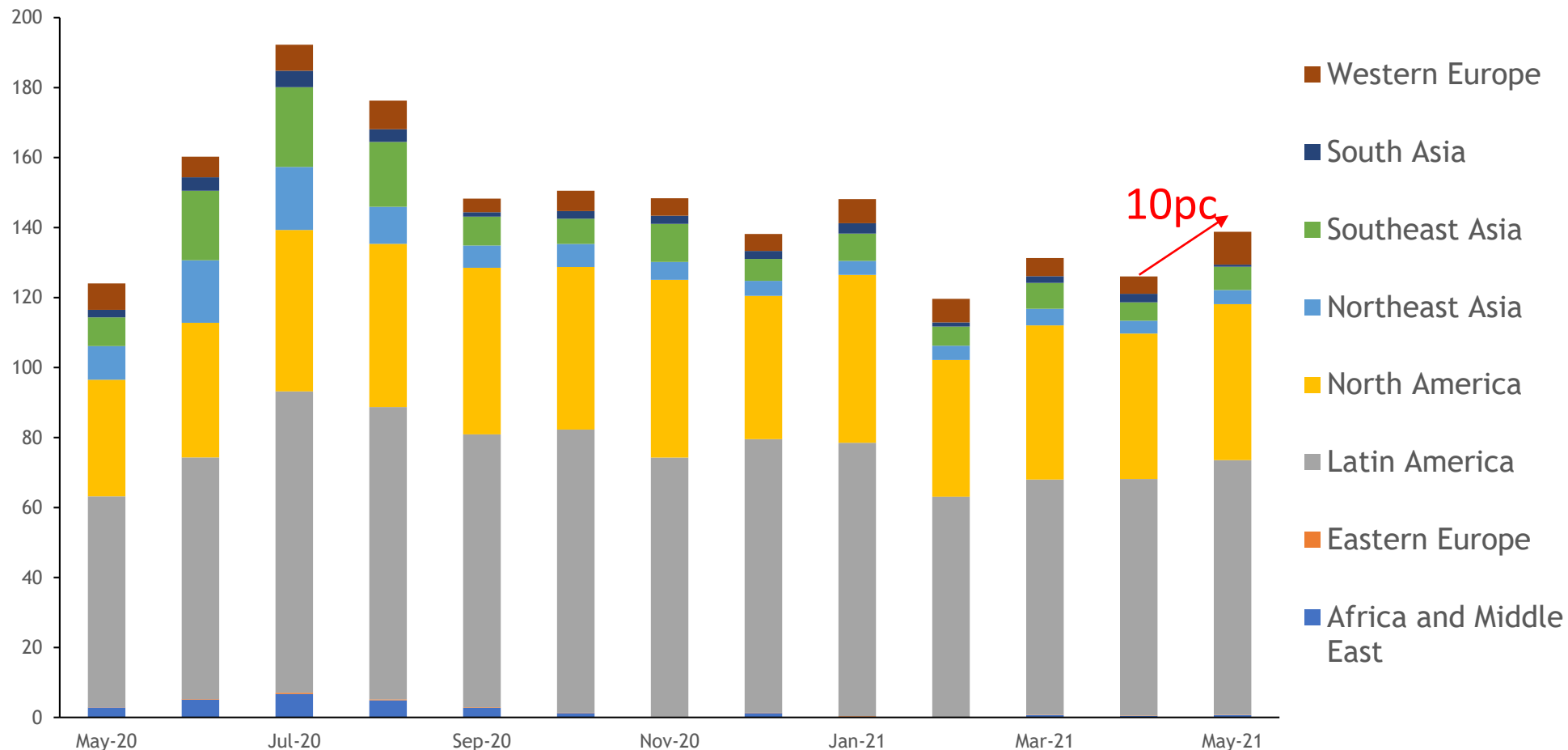
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# PP trade data



# US PP exports increase alongside production

US PP exports by country, -000t



In May, US exports increased by 10pc from April as production improved.

Exports are steadily increasing to pre-winter storm levels.

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



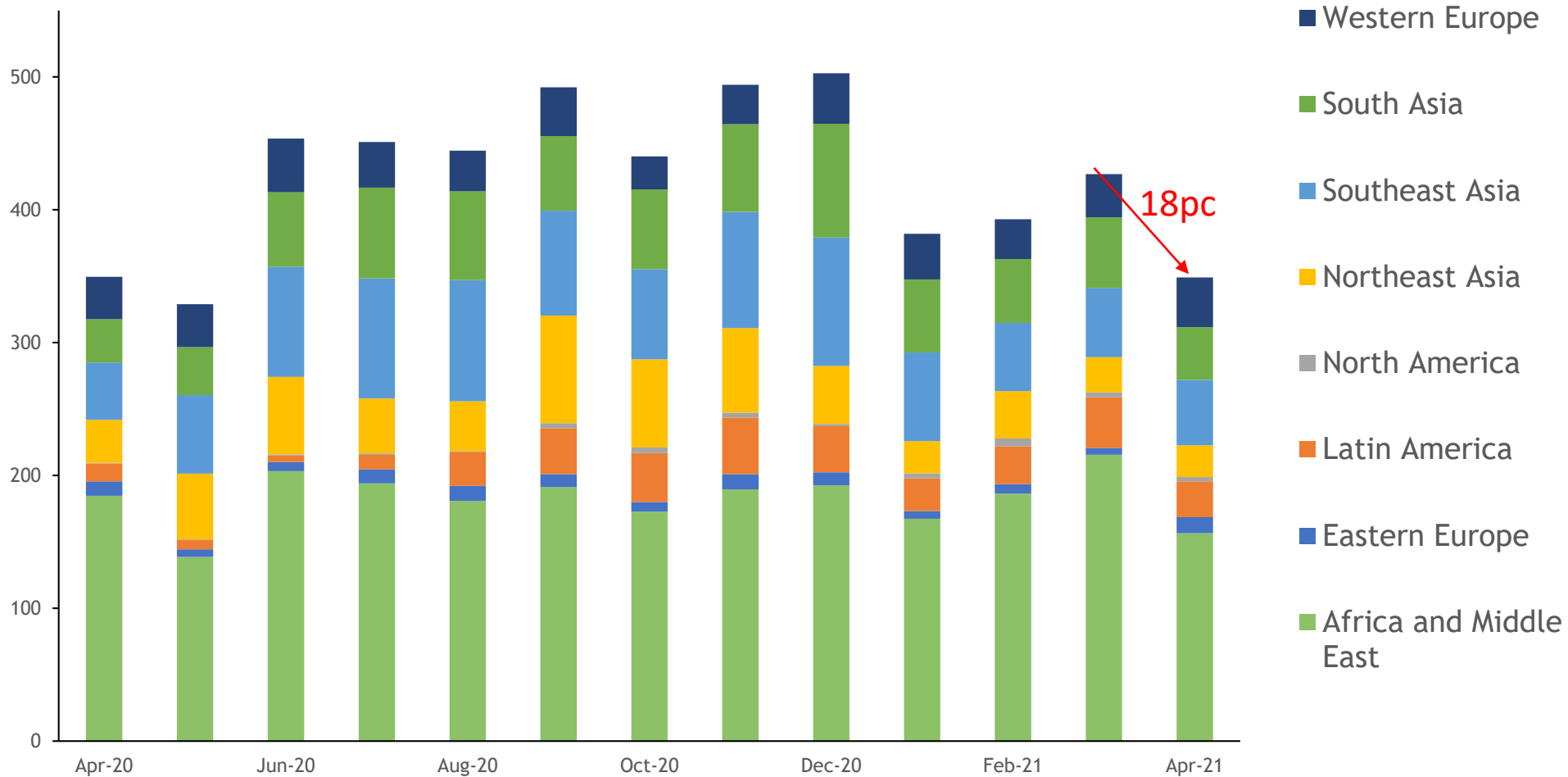
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# Saudi Arabia PP exports decrease

Saudi Arabia exports by country, -000t



Turnarounds and growing Covid-19 concerns related to a new variant strain have resulted in reduced demand, with exports declining by 18pc in April versus March.

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



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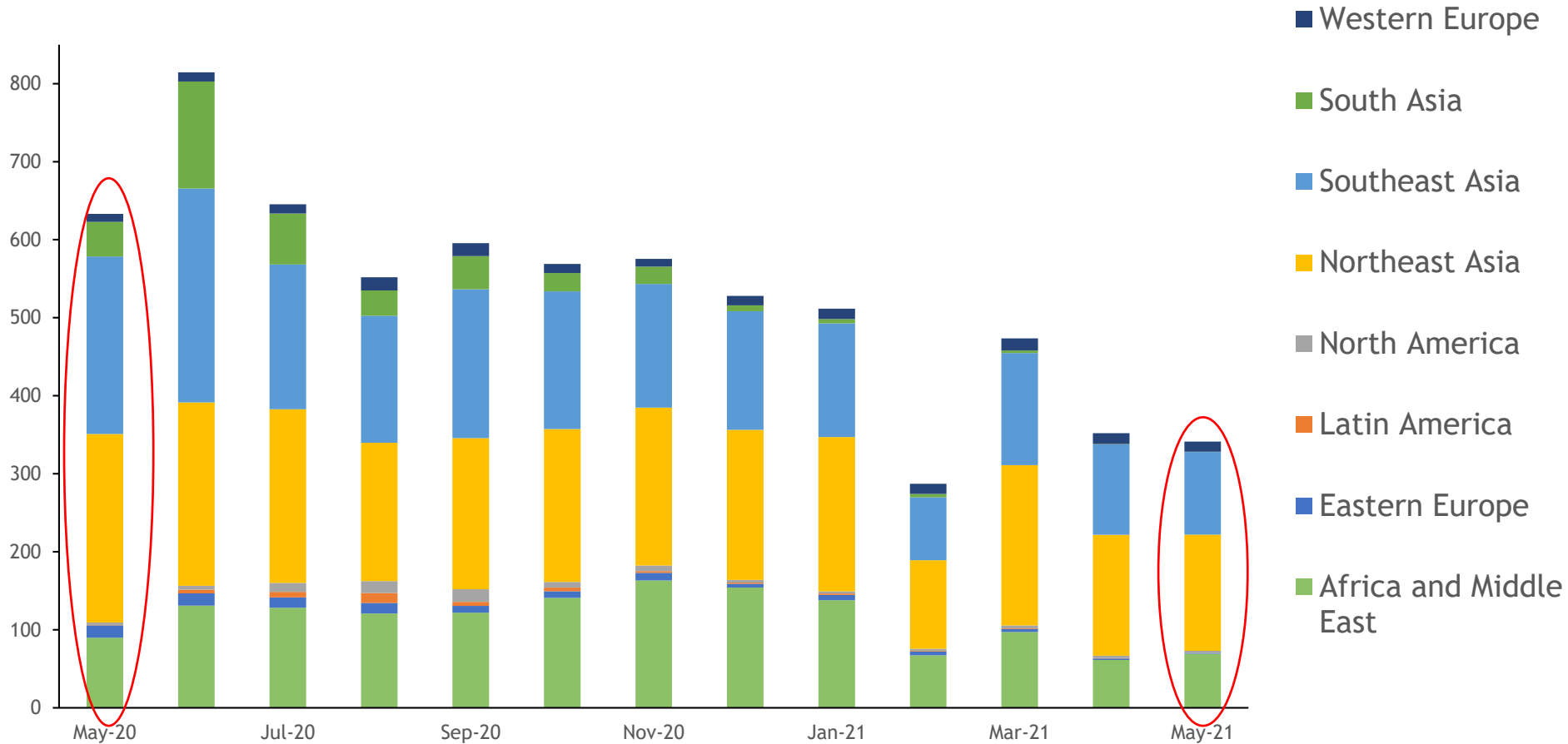
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# Unexpected low demand shrinks China PP imports

China PP imports by country, -000t



In May, China PP imports declined, as several plants came back online and demand remained limited.

The impact of China's increased production can be seen as imports are down by 46pc since May 2020.

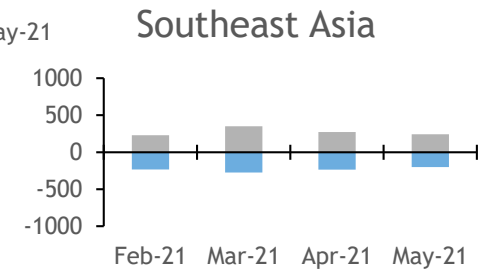
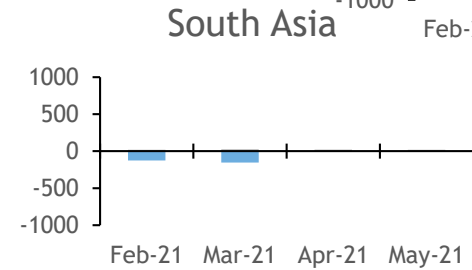
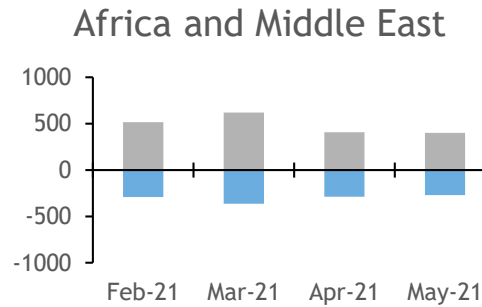
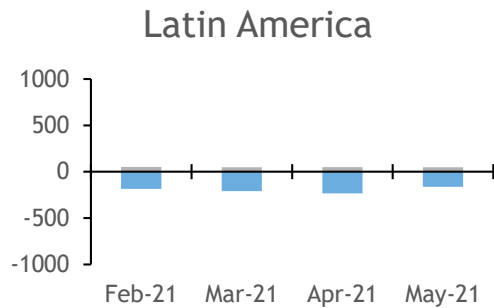
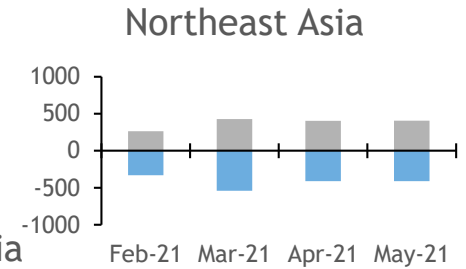
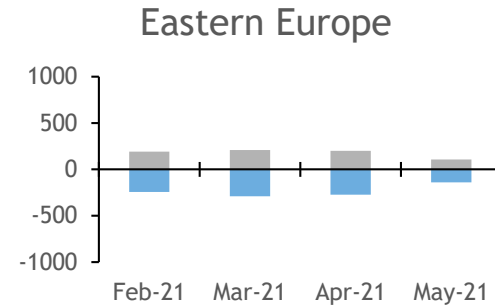
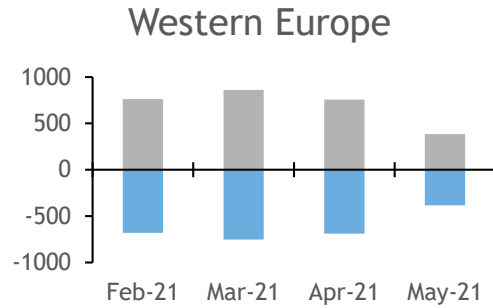
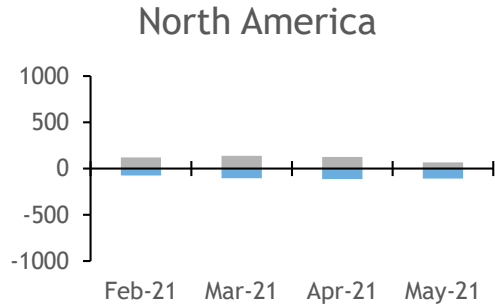
Note: Last two months of trade is incomplete due to the timing of government statistics releases

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# Regional trade PP

+ exports  
- imports



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



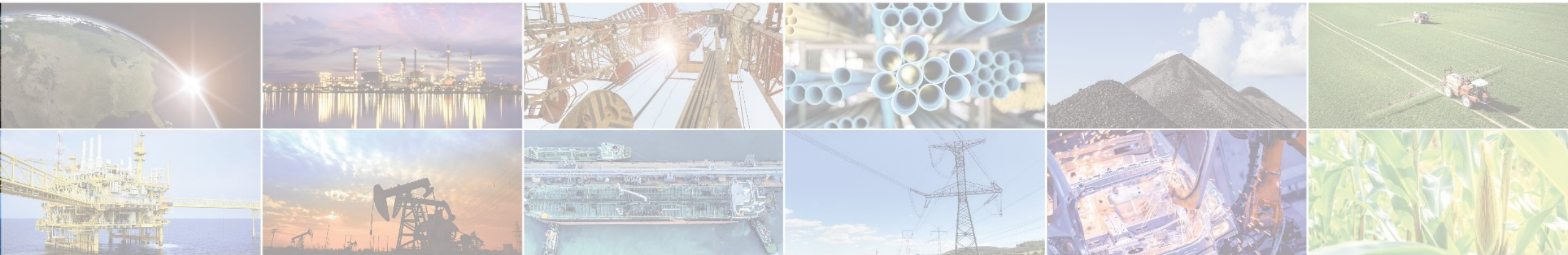
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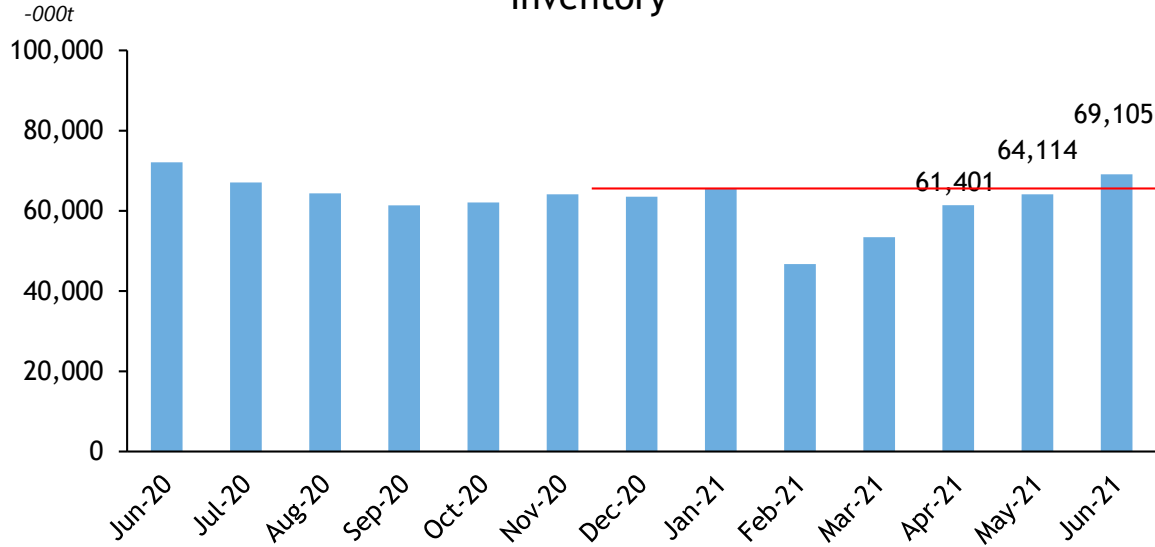
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# PP inventory, production, & demand

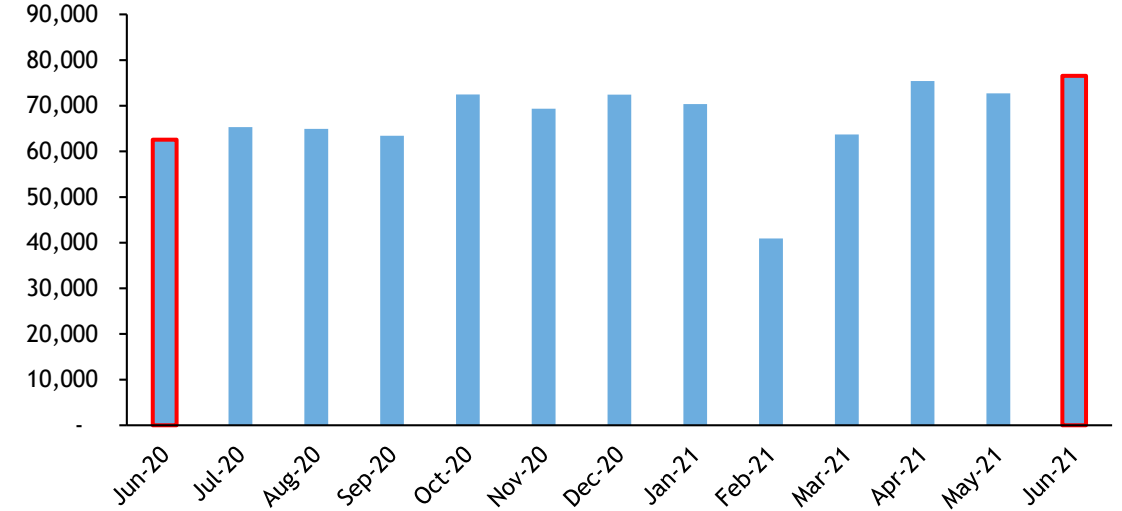


# US PP production reaches three-year high

Inventory

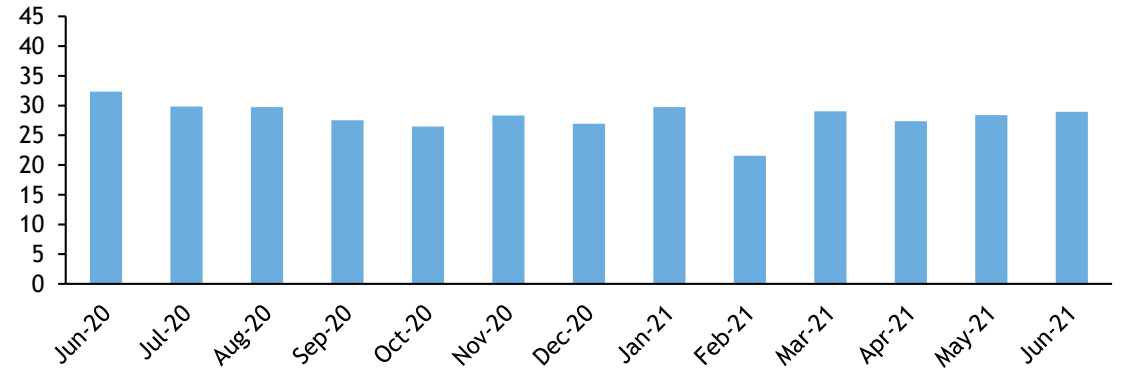


Production



- PP inventory and production have steadily risen since February and reached a new high in June.
- US PP production is at a three-year peak and 22pc higher than in June 2020.

US & Canada PP Days of Total Demand



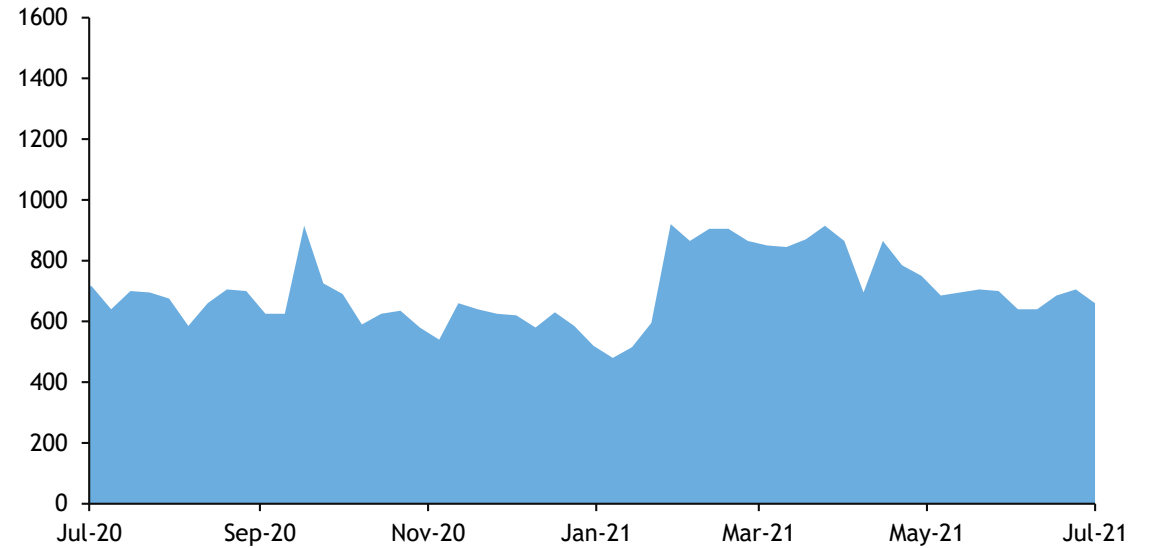


# Global inventory and capacity

## Western Europe supply

- The overall European PP market remains tight, however some production constraints for homopolymers have eased in comparison to copolymers.
- Buyers have been seeking imports to offset high prices, with net imports reaching the highest level since 2015.

## China PE/PP inventory, kt



In July, China's inventory remained relatively steady 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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