LLDPE exports offers surged this week as export prices declined almost $0.06/lb from the May/June price in the lower $0.50’s.

**Market Overview**

Suppliers continued to restate their intent to implement the March $0.03/lb increase in July despite reversing market drivers; oil prices are down, inventories are high, and global demand is soft.

LLDPE markets are very weak with excess supply. HDPE blow molding resins are still noted as tight and recovering slowing.

Off grade prices moved down $0.01-0.02/lb from the May/June price. Activity improved this week versus the post-holiday week.

Exports to China have been reduced significantly. There is almost no activity due to the uncertainty of the trade tariffs.

International benchmark Brent crude has tumbled nearly 9 percent from last week’s high of more than $79 a barrel. It’s most recent dip comes amid emerging evidence of higher global crude production. Source: CNBC.com

**Feedstocks**

**Ethylene:** Ethylene moved back to below $0.15/lb, which is still below than the 2017 low. June ethylene contracts settled $0.005/lb higher at $0.265/lb.

**Naphtha:** Naphtha remained steady with crude oil this week and ended near $650/mt.

**International**

**Asia:** Prices are expected to remain flat with downward pressure. Feedstocks remain firm; however, summer demand is not strong.

**Latin America:** July prices are lower than June as offers exceed demand.

**Europe:** July pricing is flat pricing with expectations of further decreases as demand is noted as poor.

**RTi PE Outlook and Suggested Action Strategies**

**30 Days:** Recent export pricing and soft global demand should delay or negate any further increases.

**60/90 Days:** Oil price trends could impact Q4 pricing. Lower oil prices and soft demand may end the past year of continued price increases. Weather will be the last driver heading into Q4.

For additional PE information, please contact Mike Burns: mburns@rtiglobal.com

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Market awaits the July PGP settlement!

**Market Overview**

We have not heard of anything definitive on the July PGP settlement, but discussions have begun. We expect a settlement will be reached over the next few days.

We are hearing a lot of chatter about PGP settling down 2-3 cents. We are not in agreement. What we know is that several sellers are offering a flat settlement and another seller is pushing for up 1 cent. From the buy side, the settlement ask is for down 2 cents. We are projecting a flat settlement with a best-case scenario of down 1.

It has been reported that Enterprise has taken down their PDH unit for an unknown reason. Current expectations are that it is a minor issue and that it should restart over the next day or two. Anything longer would be a big problem for propylene.

We are getting mixed reports on polypropylene demand. Many market segments seem to be holding up well in the face of elevated prices.

In other areas, it does feel like there is some demand destruction settling in. We also hear reports of PP imports starting to make their way towards the US. This could impact demand in coming months.

Availability in secondary markets feels tight. There are some offers; not all the inquiries are being met with offers.

YTD operating rates are averaging 87.5% with average demand rates at 90.6%.

Days of Supply sit at 30.9 days.

**Feedstocks**

PGP is being bid at $0.5775/lb with the last know offer at $0.62/lb.

RGP traded via rail at $0.50/lb. Pipeline RGP had a bid/offer range of $0.40-0.415/lb by $0.485/lb.

EIA inventories showed a build for the first time in about seven weeks. Levels went from 2.35 million/bbl to 2.53 million/bbl but remain below the 5-year low.

Steam Cracker cash costs favor ethane, and all feeds remain underwater due to depressed ethylene prices.

**RTI PP Outlook and Suggested Action Strategies**

**30 Days:** Expect July polypropylene prices to follow PGP prices which are expected to settle close to flat.

**60/90 Days:** Propylene continues to be tight. Lower oil prices, demand destruction, and/or imports of polypropylene have the potential to bring some balance to the market which could lead to price relief in coming months.

For additional PP information, please contact Scott Newell: snowell@rtiglobal.com

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ACC preliminary data shows June to be a stout month for demand; reaching its highest point for 2018.

**Market Overview**

Since February, demand slowly improved (6% increase) month over month. The June data is as follows:

- Total Demand: plus 3%
- Operating rates: <1% increase
- Total Supply: <1% gain
- Sales: plus 3%
- Exports: plus 7%

The July $0.03/lb price reduction coincides with the RMC decline. RTi can confirm all three major producers are offering the decrease.

**Feedstocks**

**Benzene (BZ):** A good flow of BZ imports helped to counteract the escalating CO prices. Although BZ prices did react to the upward CO price movement, the reaction was not as severe as expected.

**Crude Oil (CO):** Prices are taking dramatic swings in both directions. After toiling with hitting the $80/bbl mark, prices receded to $68/bbl. The EIA is projecting August to set a record level in US oil production (>11 million barrels per day.)

**Styrene Monomer (SM):** USITC May data reported >200% increase in exports to China, with exporters shipping as much product as possible before the June implementation of the China ADD.

**Butadiene (BD):** Spot prices took a sharp upward turn this week due to an unplanned outage in Japan, which tightened supply in the region. The NA reaction to the outage was swift, but early indications are that the outage could be short-lived.

**International**

**Asia:** SM and PS prices go in opposite directions. SM, due to short supply, inches upwards, while PS inches downwards on weak demand.

**Europe:** As demand wanes, PS prices retreat. Even with the lower prices, buyers are not keen to buy product, which could lead to prices receding even further in the coming weeks.

**RTi PS Outlook and Suggested Action Strategies**

**30 Days:** July prices will be lower, August should firm flat if current market dynamics are unchanged. Buy JIT.

**60/90 Days:** Due to the pending ADD, the market may not see the typical upward movement in PS prices. However, be prepared to buy more than needed if the market dynamics shifts.

*For additional PS information, please contact Robin Chesshier: rchesshier@rtiglobal.com*
ABS cost drivers become mixed as ACN is under strong upward momentum, styrene and crude oil are edging lower, and butadiene spot prices are on the rise.

**Market Overview**

RMC for July ABS is likely to be flat to slightly higher, depending on feedstock contract settlements near the end of the month.

WTI crude oil prices stayed below $70/bbl this week. Refinery rates have been coming down from their recent highs, with last week coming in at 94.3%.

There were some initial concerns about the US/China trade war for ABS, considering a decent amount of end products that utilize ABS were scheduled for tariffs. However, current market sentiment seems unaffected at this time, as demand is steady and supplies are sufficient.

**Feedstocks**

**Acrylonitrile (ACN):** Export prices continue to climb on the backs of supply tightness and firm upstream propylene pricing. Current assessments place export ACN up nearly 25% from the YTD low in early January, and have reached the highest levels on record.

**Butadiene (BD):** Spot prices took a sharp upward turn this week due to an unplanned outage in Japan, which tightened supply in the region. The NA reaction to the outage was swift, but early indications are that the outage could be short-lived.

**Styrene (SM):** USITC May data reported >200% increase in exports to China, with exporters shipping as much product as possible before the June implementation of the China ADD.

**Benzene (BZ):** A good flow of BZ imports helped to counteract the escalating CO prices. Although BZ prices did react to the upward CO price movement, the reaction was not as severe as expected.

**Ethylene:** Ethylene moved back to below $0.15/lb, which is still below than the 2017 low. June ethylene contracts settled $0.005/lb higher at $0.265/lb.

**International**

**Asia:** Slower demand and lower feedstocks have been pulling ABS pricing downwards in Asia. Operating rates were seen on the decline in an attempt to match the weaker buying activity.

**Europe:** Decreasing feedstock prices coupled with bearishness in the Asian markets pulled ABS pricing lower this week.

**RTI ABS Outlook and Suggested Action Strategies**

30 Days: Upward movements in RMC could offset any decrease potential. Continue to try and push for an ABS price decrease for July, but be prepared to accept a rollover.

60/90 Days: Feedstock prices remain the predominate price driver. Keep an eye on upstream fundamentals and the US/China trade war to help determine any price change going forward. Unless a major market event occurs, we are likely to see price stability through Q3.

For additional ABS information, please contact Mark Kallman: mkallman@rtiglobal.com

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All operations running in the PC restart as the process is normalized. The planned Q3 maintenance has been delayed several weeks to allow for inventory recovery.

**Market Overview**

RMC moved down $0.015/lb in July on lower benzene. August RMC are subject to oil volatility and benzene supply, which is trending modestly higher.

Oil markets lost 1% over the past week totaling more than 6% lower over the past 2 weeks. Refinery fell below 95% for the first time in 6 weeks after a refinery outage.

PC supply/demand is well balanced as operations are reported strong with increasing supplies as Asian maintenance is completed.

Housing starts fell by more than 12% with single-family down more than 9% in June vs. May. Housing permits were also lower by more than 2%, but with the bright spot fractionally higher single-family permits. Overall the housing market remains robust at well over the 1 million-unit rate, by dropping back from 10-year high in May.

**Feedstocks**

**Propylene (RGP):** RGP traded via rail at $0.50/lb. Pipeline RGP had a bid/offer range of $0.40-0.415/lb by $0.485/lb. We have not heard of anything definitive on the July PGP settlement, but discussions have begun. We expect a settlement will be reached over the next few days.

**Benzene (BZ):** A good flow of BZ imports helped to counteract the escalating CO prices. Although BZ prices did react to the upward CO price movement, the reaction was not as severe as expected.

**International**

**Asia:** Benzene moved lower following oil over the past week as PC supplies continue to improve as we are less than 2 months away from potential plastics tariffs between China & US.

**Europe:** Demand is strong with H1 auto registrations up nearly 3% and construction fractionally higher in May.

**RTI PC Outlook and Suggested Action Strategies**

**30 Days:** Supply continues to be well balanced as inventory recovery is expected after a short unplanned outage earlier this month. RMC will see minimal movement while prices are expected stable as offshore supplies/imports will increase. Buy as needed, keeping an eye on international trade war developments and oil/feedstocks.

**60/90 Days:** Supplies will continue to improve with the addition of imports balancing any delays in restarting after the Sabic planned outage later in Q3, early Q4. Prices flat going forward. Buy as needed.

For additional PC information, please contact Mark Kallman: mkallman@rtiglobal.com
PVC is well supplied as plant operations remain strong and overseas demand is negatively impacted by monsoon season and tariffs from Turkey.

**Market Overview**

Initial PVC demand figures for June fell 3% as supply fell 4% (ACC) leading to a fractional calculated inventory draw.

Exports fell some 20% as domestic demand increased 6% (ACC) on a robust housing market.

Housing starts fell by more than 12% with single-family down more than 9% in June vs. May. Housing permits were also lower by more than 2%, but with the bright spot fractionally higher single-family permits. Overall, the housing market remains robust at well over the 1 million-unit rate, by dropping back from a 10-year high in May.

The recent ethane spike has relaxed as the ethylene spot average for July is fractionally higher than June. PVC RMC are expected up by less than $0.005/lb in total over June and July.

Oil reversing by 6% over the past couple weeks along with softer demand removes support elements for higher export pricing. Supply is currently the regional issue to watch in the Asian region.

**Feedstocks**

**Chlorine:** Spot pricing is flat as market fundamentals are static. Operating rates are reportedly in the low-to-mid 90’s, which could be in response to the sturdy seasonal demand.

**Ethylene:** Ethylene moved back to below $0.15/lb, which is still below than the 2017 low. June ethylene contracts settled $0.005/lb higher at $0.265/lb.

**International**

**Asia:** Tightened supply availability and rising upstream ethylene prices put upward price pressure on PVC in Asia this week. Buying activity in India has been subdued amidst the monsoon season, which typically reduces construction and stifles demand.

**Europe:** Higher import volumes improved the PVC supply position this week, with lower crude oil and ethylene prices managing to pull PVC pricing lower.

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<th>Spot Feeds</th>
<th>Jul 13</th>
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<td>Ethylene ($/lb)</td>
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</tbody>
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**RTi PVC Outlook and Suggested Action Strategies**

**30 Days:** Relatively stable RMC, strong operating rates, and stable export pricing are continuing to keep PVC pricing flat. Keep an eye on overseas supply issues, demand, and oil volatility for cost pressure. Buy as needed.

**60/90 Days:** Domestic demand will remain strong in a good year for construction. Higher overseas RMC could raise export pricing once demand kicks in post-rainy season, depending on trade war impacts. Monitor export pricing progression for any threat to steady pricing throughout the summer that would suggest buying ahead.

*For additional PVC information, please contact Mark Kallman: mkallman@rtiglobal.com*
Although RMC are down $0.015-0.025/lb in July, PA66 pricing is all about restricted supply as demand remains strong.

**Market Overview**

In absence of an update, the rapidly extinguished vapor/flare stack fire at the Florida PA66 facility doesn’t sound like a lengthy recovery depending on plant shutdown conditions. Tight/short supplies globally will only get worse not better from this FM.

Price increase letters are proliferating as base polymer nominations of $0.27-0.30/lb in July are being translated to $0.20-0.30/lb increases from compounders in July/August along with adders for higher logistic costs.

Lengthening lead times and constrained volumes will be the order of the day depending on the Florida restart schedule.

Auto sales finished the first half of the year strong, up 1.8% over last year based on a strong economy, but with headwinds in the 2nd half of the year including tariffs, higher gas/oil prices, and higher interest rates that are expected to take sales below 2017. PA66 demand to auto is consequently robust.

PA66 demand destruction will ultimately be a factor as testing with PA6 and PP compounds is well underway.

**Feedstocks**

**Benzene (BZ):** A good flow of BZ imports helped to counteract the escalating CO prices. Although BZ prices did react to the upward CO price movement, the reaction was not as severe as expected.

**Butadiene (BD):** Spot prices took a sharp upward turn this week due to an unplanned outage in Japan, which tightened supply in the region. The NA reaction to the outage was swift, but early indications are that the outage could be short-lived.

**Propylene (PGP):** PGP is being bid at $0.5775/lb with the last know offer at $0.62/lb. We have not heard of anything definitive on the July PGP settlement, but discussions have begun. We expect a settlement will be reached over the next few days.

**International**

**Asia:** Benzene moved lower following oil over the past week as PA66 intermediates and resin remained tightly supplied and higher priced.

**Europe:** Supply remains short as updates on intermediate supply chain improvement are hard to come by during the summer holidays and French rail strikes continue.

**RTi PA66 Outlook and Suggested Action Strategies**

**30 Days:** Tight PA66 supply will move from tight to short depending on the length of the Ascend FM. Although summer demand will slow, strong auto sales have kept demand robust, with little relief from the demand side as alternatives are qualified. RMC peaked in June moving lower in July. Continue to buy forward if available as supply constraints will increase and further elevate market pricing in Q3.

**60/90 Days:** Significant supply improvement is not expected until Q4 at the earliest. PA66 prices are expected to continue to elevate between now and then as production recovery has in fact worsened. Keep on top of orders through the end of the year and buy ahead if material is available.

For additional PA66 information, please contact Mark Kallman: mkallman@rtiglobal.com

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Fire at the Ascend PA 6/6 plant is putting more supply/price pressure on PA 6.

**Market Overview**

In addition to the Ascend situation, PA 6/6 in Europe is also struggling amidst outages, creating a severe global shortage. Unfortunately, the PA 6/6 situation could last through 2019, which directly and indirectly affects the PA 6 markets from both a supply and price perspective. PA producers will continue to capitalize on the PA 6/6 situation.

Supply/demand in NA is currently balanced; something which could change quickly. Due to robust demand in some market sectors, PA processors could not take advantage of the decline in BZ contract prices, but the BZ contract price did help avoid some increases. There are reports that some producers have had limited success pushing their prices higher the last few weeks.

The European Commission started an investigation into the proposed sale of Solvay’s global nylon business to BASF. They indicated there are many concerns this acquisition may have on the Nylon supply-chain:

- Reduced competition
- Higher prices
- The new entity would have a market presence almost double that of the competition
- The new entity would have too much control over several facets of the Nylon supply-chain.

The sustainability movement is pushing interest into developing a bio-based caprolactam.

**Feedstocks**

**Benzene (BZ):** A good flow of BZ imports helped to counteract the escalating CO prices. Although BZ prices did react to the upward CO price movement, the reaction was not as severe as expected.

**Crude Oil (CO):** Prices are taking dramatic swings in both directions. After toiling with hitting the $80/bbl mark, prices receded to $68/bbl. The EIA is projecting August to set a record level in US oil production (>11 million barrels per day).

**Caprolactam (CPL):** Plants are running strong and supply is good. However, CPL prices have gone up because of good exports and higher BZ prices in several regions.

- NA Flake: plus $65/mt
- Europe CP: plus €24/mt
- Asia CP: plus $35/mt

**International**

Europe/Asia: Both regions saw prices move higher at the end of June. July prices are currently static. The BZ price direction will likely influence the PA price but could be offset by soft demand during Europe’s upcoming month-long holiday season.

**RTi Nylon PA6 Outlook and Suggested Action Strategies**

30 Days: (Suggested actions remain the same) Producers are not giving up on securing a polymer increase; continue to resist.

60/90 Days: There is a switch to PA66 that will eventually stress the PA 6 supply. It will be important to pursue global suppliers now, as qualifications can take time.

For additional Nylon information, please contact Robin Chesshier: rchesshier@rtiglobal.com

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A fire at Alpek’s PTA facility in Altamira, Mexico, exacerbates the already tight PET markets.

Market Overview

Alpek still has access to nearly 4 billion pounds of PTA capacity (only ~22% reduction in Alpek’s capacity), but it could concern some non-integrated PET producers if Alpek draws on the already tight PTA supplies from the rest of the market.

RMC for July are estimated to see little change from June, indicating a potential rollover in July PET formula pricing.

WTI crude oil prices stayed below $70/bbl this week. Refinery rates have been coming down from their recent highs, with last week coming in at 94.3%.

Sources indicate that the summer demand season peaks in July. Production is still struggling to keep up with demand after the various outages and the delayed restart of the Apple Grove PET facility.

Feedstocks

Paraxylene (PX): Both crude oil and gasoline prices have been easing this past week, but mixed xylene blending values are stable due to an extended refinery outage. PX prices in Asia have been following the crude oil price trend, which are both on a shallow decline.

PTA: The Altamira fire has reduced NA capacity by roughly 10%, and recovery is not expected until the end of the year or into Q1 2019. This outage, along with all the other productions around the world, accounts for more than 5% of lost production capacity globally. Easing crude oil prices is barely taking the edge off the bullish expectations for global PTA prices.

MEG: Much like the other upstream PET feeds, MEG remains tight globally. Upward momentum may be slowed by the lower crude oil and ethylene prices domestically. Inventories in China are on the decline due to sturdy PET demand and continued production issues.

International

Asia: As somewhat of a headstart on the post-summer bearishness, declining market sentiment and lower MEG prices continue to put downward pressure on PET prices, with some regions in Asia seeing PET prices fall as much as $20/mt from last week.

Europe: While fundamentals are still on the bullish side, BP ended its FM on PTA after more than two months of being offline. PET prices are still on the rise with seasonal demand and supply tightness, but forward outlooks show potential for pricing to ease.

RTi PET Outlook and Suggested Action Strategies

30 Days: Most of the market developments have already been absorbed into the PET price, except for the Altamira fire. Expect producers to try and nominate an increase in July or August quoting the fire. Push back quoting muted RMC and crude oil prices under $70/bbl.

60/90 Days: RMC outlooks are stable heading into Q3. Expect price pressure to move further downward once the Apple Grove facility returns to production and seasonal demand eases, likely after late Q3 into Q4 2018.

For additional PET information, please contact Eric Hayes: ehayes@rtiglobal.com