

## **Bearish European polyethylene market looks to ethylene price jump for recovery**

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Spot prices for the whole family of polyethylene products in Europe dropped again this week as buyers stepped out of the market, but talk in the market has turned to a possible ethylene price hike on the back of surging naphtha to take prices out of their rut.

S&P Global Platts assessed the spot price of LDPE down Eur20 week on week at Eur1,190/mt (\$1,409.85/mt) FD NWE Wednesday, while Platts Ethylene Indicator for the December contract price rose to Eur1,043.50/mt FD NWE Wednesday, from an industry set November ethylene CP of Eur1,025/mt FD NWE on the back on naphtha's uptick.

Whether the increase in naphtha leads to a higher ethylene CP remains to be seen. The December CP for ethylene is expected to settle next week.

Polyethylene producers de-stocking at year-end, quieter demand mid-month and an overall slower market as many players turn their attention to next year, led to discounted offers available in the polyethylene spot market this week, which in turn led to the fall in spot prices.

"At the beginning of November people said we are going to de-stock," a source said. This led to an abundant supply of polyethylene in Europe.

With demand unchanged, producers were offering special deals in order to sell stock, one source said.

The lack of demand has led some PE producers to increase exports to the stronger Asian market, one trader said. Others are simply waiting out the lull in trading activity.

"We're not chasing demand that isn't really there," one producer said. Instead they are keeping a close eye on the price of ethylene.

"Most people are expecting an ethylene increase into December. It could make things a little bit snug," a PE producer said of the knock-on effect on polyethylene margins.

"We expect an increase in ethylene [prices] in December," a trader said. "Prices in Europe cannot come down further, the [crude] oil price is increasing around the world."