

## European polypropylene prices seen temporarily bottoming out in July

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European polypropylene (PP) spot prices could temporarily bottom out in July following a Eur50/mt contract price drop in monomer propylene to Eur790/mt FD NWE in June.

Buyers are expected to take advantage and build stock, which in itself could prevent spot prices from falling further than the monomer decrease would suggest, sources said on Wednesday.

The European spot price of homo injection PP was last assessed at Eur1,100/mt FD NWE on Tuesday, down Eur20/mt on the day and down Eur70/mt since the propylene contract price settled for June at Eur840/mt.

The European contract price of propylene for July largely fell in tandem with naphtha in the period since the day of the June settlement, or 5.9%.

But since the propylene settlement last Thursday, naphtha prices have bounced back 5.38% on rising crude oil futures.

On Wednesday, European spot prices for homo injection PP was heard in a range of Eur1,050-Eur1,100/mt FD NWE.

Contract prices for PP were heard dropping largely in line with monomer propylene, or Eur50/mt. Contract prices for homo injection polypropylene and copolymer were heard pegged at Eur1,230/mt FD NWE and Eur1,280/mt FD NWE, respectively.

"You see a lot of demand because everybody thinks the bottom is reached," said a Europe based PP trader on Wednesday: "I see no reason to sell any lower than in the Eur1,070-Eur1,100/mt range," the same source added.

A second trader source noted that buyers were currently shopping around and listening to offers from producers, traders and distributors.

"They believe they can get the full Eur50/mt decrease on the monomer [through to PP prices]... There is a lot of resistance from producers and traders to accept this," the second source said.

"If the customers are convinced the bottom is reached, they will start to prebuy," the second source added.