

## European spot cracker margins rise 8% since start of month

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European spot cracker margins have risen to Eur666.75/mt (\$784) since the start of August and 4% over the same period of 2016 amid a tightening of domestic ethylene supplies that has sent spot prices higher.

Cracker margins reflect the principal economics of steam crackers, whose primary olefin products are the building blocks for most petrochemicals.

"We see ongoing healthy [ethylene] demand, the short [market is] explained by numerous outages or constrained production," said one producer.

S&P Global Platts assessed ethylene spot prices Monday at Eur965/mt FD NWE.

Ethylene availability in the spot market has tightened considerably over the last several weeks off the back of unplanned operational issues at several European crackers.

Principal among these has been the declaration of force majeure on supplies of ethylene from Shell's Moerdijk steam cracker in the Netherlands.

The declaration stems from a lack of supply of feedstock naphtha to Moerdijk from Shell's Pernis refinery, also in the Netherlands, which suffered a fire in late July.

Since the fire, four units at Shell's 404,000 b/d Pernis refinery are in a startup phase, with more to follow in "the next few days," the local environmental agency DCMR said on its website Friday.

Moerdijk's naphtha supply from Pernis would be expected to return as the refinery continues to move through the startup phases.

In the contract market, the September PEI was at Eur991/mt FD NWE Monday, up Eur26/mt from the August industry settled contract price of Eur965/mt.